porting and interstate services for parents of runaway children and to provide for the development of a comprehensive program for the transient youth population; to the Committee on the Judiciary.

By Mr. WYMAN (for himself, Mr. KING, Mr. CHAMBERLAIN, Mr. SCHNEEBELI, and Mr. BURKE of Massachusetts):

H.R. 13120. A bill to temporarily suspend required emissions controls in automobiles registered in cetrain parts of the United States, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PATMAN:

H.J. Res. 918. Joint resolution to provide for the designation of February 20 of each year as "Postal Employees Day"; to the Committee on the Judiciary.

By Mr. SIKES (for himself, Mr. BURKE of Florida, and Mr. CEDERBERG):

H.J. Res. 919. Joint resolution asking the President of the United States to declare the fourth Saturday of each September "National Hunting and Fishing Day"; to the Committee on the Judiciary.

By Mr. WOLFF (for himself, Mr. DERWINSKI, Mr. ADDABBO, Mr. ANDERSON of Illinois, Mr. ARCHER, Mr. BEVILL, Mr. BROOMFIELD, Mr. BROWN of California, Mr. COHEN, Mr. COLLINS of Texas, Mr. CONTE, Mr. ROBERT W. DANIEL, JR., Mr. DEVINE, Mr. DICKINSON, Mr. DRINAN, Mr. EILBERG, Mr. FUQUA, Mr. GETTYS, Mr. GROSS, Mr. HARRINGTON, Mr. HELSTOSKI, Mr. HINSHAW, Mr. HOSMER, Mr. HUNGATE, and Mr. KEMP):

H.J. Res. 920. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. WOLFF (for himself, Mr. DERWINSKI, Mr. KETCHUM, Mr. LONG of Maryland, Mr. MANN, Mr. MCCORMACK, Mr. MONTGOMERY, Mr. SANDMAN, Mr. SARBANES, Mr. TAYOR of North Carolina, Mr. TIERNAN, Mr. WHITEHURST, Mr. WINN, Mr. YATES Mr. YOUNG of Florida, Mr. HEINZ, Mr. PRITCHARD, Mr. PODELL, Mr. DELANEY, Mr. BURKE of Massachusetts, and Mr. GILMAN):

H.J. Res. 921. Joint resolution regarding the status of negotiations with foreign governments in relation to debts owed the United States, and for other purposes; to the Committee on Foreign Affairs.

By Mr. COHEN:

H. Con. Res. 440. Concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physicial handicaps; to the Committee on Education and Labor.

By Mr. ICHORD (for himself, Mr. DENT, Mr. ASPIN, Mr. WAGGONNER, Mr. DORN, Mr. BRINKLEY, Mr. FLOOD, Mr. FREY, Mr. HOGAN, Mr. SHIPLEY, Mr. MCKAY, Mr. PARRIS, Mr. MANN, Mr. PRICE of Illinois, Mr. ROGERS, Mr. GOLDWATER, Ms. HOLTZMAN, Mr. BOB WILSON, Mr. CONTE, Mr. RINALDO, Mr. CLANCY, Mr. TEAGUE, Mr. STUBBLEFIELD, Mr. MIZELL, and Mr. HORTON):

H. Res. 930. Resolution declaring the sense of the House with respect to a prohibition of extension of credit by the Export-Import Bank of the United States; to the Committee on Banking and Currency.

By Mr. LONG of Maryland (for himself, Mr. RANDALL, Mrs. GRASSO, Mr. HENDERSON, Mr. MAZZOLI, Mr. ROSENTHAL, Mr. PATTEN, Mr. COTTER, Mr. BAFALIS, Mr. THONE, Mr. REES, Mr. KOCH, Mr. NIX, Mr. EILBERG, Mr. WON PAT, Mr. MAYNE, Mr. WALSH, Mr. HARRINGTON, Mr. WINN, Mr. METCALFE, Mr. HELSTOSKI, Mr. DENHOLM, Mr. DRINAN, Mr. STUBBLEFIELD, and Mr. TIERNAN):

H. Res. 931. Resolution to authorize the Committee on Interstate and Foreign Commerce to conduct an investigation and study of the importing, inventorying, and disposition of crude oil, residual fuel oil, and refined petroleum products; to the Committee on Rules.

By Mr. MORGAN:

H. Res. 932. Resolution to provide funds for the expenses of the investigation and study authorized by H. Res. 267, 93d Congress; to the Committee on House Administration.

By Mr. OWENS:

H. Res. 933. Resolution to express the sense of the House with respect to the allocation of necessary energy sources to the tourism industry; to the Committee on Interstate and Foreign Commerce.

H. Res. 934. Resolution to amend the Rules of the House of Representatives to provide for the broadcasting of meetings in addition to hearings, of House committees, which are open to the public; to the Committee on Rules.

By Mr. RODINO:

H. Res. 935. Resolution authorization for reprinting additional copies for use of the Committee on the Judiciary of the committee print entitled "Constitutional Grounds for Presidential Impeachment"; to the Committee on House Administration.

By Mr. SCHERLE (for himself and Mr. RUTH):

H. Res. 936. Resolution disapproving the recommendations of the President with respect to the rates of pay of Federal officials transmitted to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

By Mr. THOMPSON of New Jersey:

H. Res. 937. Resolution authorizing the expenditure of certain funds for the expenses of the Committee on Internal Security; to the Committee on House Administration.

By Mr. CRANE (for himself, Mr. FLOOD, Mr. BLACKBURN, Mr. WAGGONNER, Mr. BROYHILL of Virginia, Mr. CAMP, Mr. SANDMAN, Mr. STEIGER of Arizona, and Mr. VEYSEY):

H. Res. 938. Resolution in support of continued undiluted U.S. sovereignty and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. RANGEL (for himself, Mr. MOAKLEY, Mr. MITCHELL of Maryland,, Mr. LEHMAN, and Mr. PEPPER):

H. Res. 939. Resolution creating a select committee to conduct an investigation and study of the effects of the current energy crisis on the poor; to the Committee on Rules.

By Mr. RIEGLE:

H. Res. 940. Resolution providing for the disapproval of the recommendations of the President of the United States with respect to the rates of pay of offices and positions within the purview of the Federal Salary Act of 1967 (81 Stat. 643; Public Law 90-206) transmitted by the President to the Congress in the budget for the fiscal year ending June 30, 1975; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MILFORD:

H.R. 13121. A bill for the relief of Manuel Suarez; to the Committee on the Judiciary.

H.R. 13122. A bill for the relief of Aurora Garcia Suarez, to the Committee on the Judiciary.

By Mr. REID:

H.R. 13123. A bill for the relief of Eupert Anthony Grant; to the Committee on the Judiciary.

By Mr. SANDMAN:

H.R. 13124. A bill for the relief of Brandywine-Main Line Radio, Inc., WXUR and WXUR-FM, Media, Pa.; to the Committee on the Judiciary.

By Mr. ZABLOCKI:

H.R. 13125. A bill for the relief of Alex E. Winslow; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

395. The SPEAKER presented a petition of the city council, Rockledge, Fla., relative to Federal-State revenue sharing; to the Committee on Ways and Means.

SENATE—*Wednesday, February 27, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. WILLIAM D. HATHAWAY, a Senator from the State of Maine.

PRAYER

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

Eternal Father, whose love never ceases, grant us contrite hearts that the ashes of this day may remind us of our humanity, our mortality and our sin. May the coming penetential season be a time for the scrutiny of character, the assessment of conscience, and searching of the soul which leads to accepting Thy forgiveness, the renewal of our faith and a surer walk in the pathway of the cross.

In the struggle with temptation may we remember Him who was tempted as we are tempted but overcame sin to set us free. By His truth, in His light and by His redemption may we and the people of this land be cleansed and renewed that our Nation may lead the way to Thy promised kingdom.

We pray in His name who was lifted up upon a cross. 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 27, 1974.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

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

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Heiting, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore (Mr. HATHAWAY) laid before the Senate messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received today are printed at the end of Senate proceedings.)

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, February 26, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations on the Executive Calendar.

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

The ACTING PRESIDENT pro tempore. The nominations on the Executive Calendar will be stated.

DEPARTMENT OF STATE

The second assistant legislative clerk proceeded to read sundry nominations in the Department of State.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

INTERSTATE COMMERCE COMMISSION

The second assistant legislative clerk read the nominations in the Interstate Commerce Commission, as follows:

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

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

NOMINATIONS PLACED ON THE SECRETARY'S DESK

The second assistant legislative clerk proceeded to read sundry nominations in the Coast Guard and in the National Oceanic and Atmospheric Administration, which had been placed on the Secretary's desk.

The ACTING PRESIDENT pro tempore. Without objection, the nominations are considered and confirmed en bloc.

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

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate resume the consideration of legislative business.

There being no objection, the Senate resumed the consideration of legislative business.

ORDER OF BUSINESS

The ACTING PRESIDENT pro tempore. Does the Senator from Pennsylvania desire to be recognized at this time?

Mr. HUGH SCOTT. Mr. President, I yield back my time.

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

PUBLIC PRESIDENTIAL ELECTION CAMPAIGN FUND

Mr. BIDEN. Mr. President, Senator ROTH and I are pleased that several of our colleagues have indicated a desire to speak with us today on the desirability of the taxpayers' checkoff to finance the newly amended Presidential election campaign fund.

I know how busy our colleagues are, but they expect to join us or submit statements.

The Presidential election campaign fund represents a major opportunity to finance democratically—small "d"—election campaigns for the one Federal office in which all American voters vote—the Presidency.

Mr. President, constituents are expressing increasing dissatisfaction with the manner in which political campaigns for elective Federal offices are being financed. Professional polling agencies report similar sentiments are widespread elsewhere in the Nation. There is no cure-all, but certainly, sufficient public funds achieved by means of the taxpayers' checkoff would greatly ease the burden of solicitation of funds from dubious sources, many of us believe the present system is not constructive.

The checkoff is a vehicle of hope in the direction of cleansing campaign-financing practices in this Nation. I hope that sufficient publicity can be generated in order that this hope does not become a disappointment.

Taxpayers should be aware of three principal points in respect to the fund:

First. It authorizes individuals to designate $1—spouses filing jointly, $2—of their tax obligation to be placed in a Presidential election campaign fund, a special account to be administered jointly by the Secretary of the Treasury and the Comptroller General of the United States.

Second. A participating taxpayer does not add to the amount he or she owes the Federal Government—or conversely, any refund due is not reduced.

Third. Republican and Democratic candidates receive the same amount. I shall not dwell on the genesis of this fund other than to make a couple of points. Others here in the Senate fought for its enactment long before I came to the Senate. As I read the RECORD, the Senator from Louisiana (Mr. LONG) first proposed such a fund 7 years ago. He is to be congratulated. In 1971 a dollar checkoff provision was enacted into law. During 1972 the effectiveness of the fund was grossly diminished by the manner in which the Internal Revenue Service handled its operation. Taxpayers had to record their preference on a separate form.

Last June provisions of the fund were revised with the approval of three-fifths of the Senate, and the checkoff provision is now located on line 8 of page 1 of the principal individual income tax return form, either 1040 or 1040A—short form. This should bring the fund's existence to the attention of taxpayers. Moreover, the IRS has produced and distributed a radio and a television "spot" for use by broadcasting stations which some of us have seen. I hope more stations use it and it often.

Mr. President, the three members of the Delaware congressional delegation have undertaken to secure the widest possible publicity for the fund.

Last week, we wrote Governor Tribbitt of Delaware and elected heads of local governments urging them to publicize the fund. We also wrote in a similar vein to more than 1,600 private employers listed in the Delaware State Chamber of Commerce membership list.

Mr. President, I yield the floor in order for other participating Senators to speak, but ask unanimous consent that at this point in my remarks there appear the text of three items:

First. A joint press release issued re-

cently by the Delaware congressional delegation;

Second. A set of questions-and-answers about the Presidential campaign fund prepared by the "Dollar Check-off Committee" located at 1826 Jefferson place NW., Washington, D.C., and whose executive director is Thomas F. McCoy; and

Third. An editorial from the Washington Post of February 26, 1974:

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

JOINT PRESS RELEASE—DELAWARE CONGRESSIONAL DELEGATION

WASHINGTON, D.C.—A bipartisan campaign to urge Delawareans to contribute to the new presidential election campaign fund was announced today by the three members of the Delaware congressional delegation, Senators Biden and Roth and Congressman du Pont.

The law enables an individual, whose income tax liability for the 1973 taxable year is $1 or more, to designate that $1 shall be paid into the Presidential election campaign fund. In the case of a joint return, $2 may be designated. The mony will be placed in a Federally supervised fund for use in the next (1976) general election. Democratic and Republican presidential candidates would share equally in the total amount raised. The fund is used only in the general election—not in presidential primaries. The amount of $1 or $2 designated, to the fund, may be checked off on line 8, page one of the 1973 Federal individual income tax form. Designating the money does not increase a taxpayer's payment and it does not reduce any refund he or she may be entitled to.

"In recent years," the three members of the Delaware congressional delegation said, "present contributions to presidential candidates have reached such high proportions that the public has begun to doubt whether a Presidential candidate, if elected, would become his own free agent. The check-off provision would help return Presidential elections to the American people."

Specifically, the Delaware congressional delegation has:

1. Written to nearly 1,500 private employers in Delaware asking them to call the attention of their employes to the new fund and urging their participation.

2. Written to Governor Tribbitt, the heads of the three county governments in Delaware and the Mayors of Dover and Wilmington asking them to urge their employes to participate.

The delegation also suggested that sometime before the April 15th deadline for filing individual tax returns, the pay envelopes of each employe, private and public, contain a slip describing and urging participation in the presidential financing fund.

In addition, Senators Roth and Biden have reserved time on February 27th to speak to the Senate as a body to describe what is being done by the congressional delegation. The two Senators also have invited other members of the Senate to join them in urging Americans everywhere to participate in the presidential fund check-off.

HOW THE DOLLAR CHECKOFF WORKS QUESTIONS AND ANSWERS

1. What is the dollar checkoff?

In 1971, Congress passed a new law establishing the Presidential Election Campaign Fund. The purpose of the law is to provide public financing of Presidential campaigns by allowing each taxpayer to direct one dollar of his or her Federal income tax to a special fund to be distributed among the candidates.

2. What is the procedure for an individual wishing to make use of the dollar checkoff?

On the regular 1040 and 1040A Federal income tax form, *line 8* is entitled "Presidential Election Campaign Fund." Taxpayers wishing to direct one dollar of their taxes to the Fund simply check the box on that line. If it is a joint return, there is a second box for a total of two dollars.

If the taxpayer did not make use of this option last year (1972), he or she may now do so by additionally checking off a second set of boxes in the enclosed line entitled "Note" directly above the signature line at the bottom. This will direct an additional one dollar (or two dollars in joint returns) from the paid taxes to the Fund.

Thus, in 1973 a taxpayer may direct a total of two dollars (or a total of four dollars in joint returns) to the Fund by checking off both line 8 for 1973 and the additional line at the bottom, in order to retroactively checkoff for 1972.

3. What will this cost the individual taxpayer?

Absolutely nothing. The checkoff simply directs a dollar of the individual's normal taxes to the Presidential Election Campaign Fund established by Congress. It does not increase anyone's taxes, nor does it reduce any tax refunds.

4. Where does the money go?

All funds go directly to a special account in the Treasury Department administered by the Secretary of the Treasury and the Comptroller General of the United States. (Section 9006)

5. How will this Fund be used?

Monies from the fund will be distributed to eligible candidates for President and Vice President based on the formula established in the law creating the Fund. The formula provides that all candidates whose party received 25 percent or more of the total votes cast in the preceeding Presidential election (referred to as major parties) are eligible to receive 15c per eligible voter over 18 years of age, based on the census figures as sus figures as of June 1 of the year preceeding the election.

The candidates of minor parties, i.e., those parties which received more than 5 percent but less than 25% of the vote in the preceeding Presidential election, will receive from the Fund payments which are in the same ratio to the payments received by major party candidates as the vote of that minor party to the average votes received by the major party candidates in the preceeding Presidential election.

Example: Using round figures, let us suppose that in 1972 there were 100,000,000 popular votes cast for President. Of those, suppose that the Republicans received 50,000,000 votes, the Democrats 40,000,000 and the remaining 10 million were cast for various minor parties of which one, The Third Party, received 9,000,000, with the remaining 1 million scattered among a number of other splinter groups.

On June 1, 1975 (the year preceeding the 1976 election) the Bureau of the Census will report its determination of the number of Americans over 18 and therefore eligible to vote. Supposing that the Bureau reports a figure of 160,000,000 eligible voters, the Republicans and Democrats would each be entitled to receive a payment of 15c times that figure, or $24 million each. The hypothetical Third Party, which received 9,000,000 votes, or 9% of the total popular vote, is also entitled to a payment since it received more than 5% but less than 25%. To compute that payment, one calculates the average number of votes received by the major parties, which in this case would be 45,000,000, in order to arrive at a ratio between that average and the number of votes received by the minority party: or 9:45 reducible to 1:5. The same ratio is then applied to the payment due each major party, shown above to be $24 million. The Third Party would then be entitled to ⅕ of that, or $4,800,000, for use in the 1976 election. None of the remaining splinter parties would be eligible since none received over the minimum 5% of the popular vote in 1972.

The actual voting figures in 1972 for the Presidential elections were as follows:

Republicans (Nixon), 47,169,905, 60.7 percent.

Democrats (McGovern), 29,170,383, 37.5 percent.

American Independent (Schmitz), 1,098,-635, 1.4 percent.

Total popular vote: 77,734,330.*

Average of Major Parties: 38,168,000.

Since only the two major parties received more than 5% of the votes cast in 1972, only those two will be eligible to receive payments in 1976. Since they both independently received more than 25% of the vote, their payments will be based on the formula for *major parties* and no minor party will be eligible to receive funds in 1976.

6. Can the candidates still solicit or accept private donations?

If enough money is in the Presidential Election Campaign Fund to meet all payments due the candidates according to the formula explained above, then candidates may not solicit or accept private donations.

However, if the candidates under the above formula are entitled to receive $24 million each, but there are only enough funds to provide them with $14 million each, then they may make up the difference through private contributions. But they may not exceed the sum to which they would normally be entitled if adequate monies were available in the Fund. In other words, they may raise the extra 10 million dollars to reach the 24 million dollar figure in the above case, but they may not go beyond the 24 million dollar limit based on the number of eligible voters once they have agreed to participate in the program.

7. How may the funds given a candidate be spent?

The funds may be used only for *qualified campaign expenses*. The law creating the Presidential Election Campaign Fund defines qualified campaign expenses as expenses that a candidate or his authorized committee incurs to further his election to office. This includes everything from television advertising costs to office space to travel expenses. The law itself states: "(Subsection), (11) The term 'qualified campaign expense' means an expense—

(A) incurred—

(i) by the candidate or a political party for the office of President to further the election of the candidate of such political party for the office of Vice President, or both

(ii) by the candidate of a political party for the office of Vice President to further his election to such offices or to further the election of the candidate of such political party of the office of President, or both, or

(iii) by an authorized committee of the candidates of a political party for the offices of President and Vice President to further the election of either or both of such candidates to such offices,

(B) incurred within the expenditure report period (as defined in paragraph (12)), or incurred before the beginning of such period to the extent such expense is for property, services, or facilities used during such period, and

(C) neither the incurring nor payment of which constitutes a violation of any law of the United States or of the State in which such expense is incurred or paid."

Public Law 92-178. 85 Stat. 564.

8. What about groups, committees, special

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*The discrepancy in the total is due to votes cast for minor parties or candidates.

interests, and individuals spending money for the election of a candidate for President or Vice President independent of that candidate's campaign?

It is unlawful for any group or individual to knowingly or willfully incur expenditures above $1,000.00 to further the election of a candidate, when such an expenditure would constitute a qualified campaign expense (as defined above) if made by the candidate or the campaign itself.

9. What if the amount paid to a candidate exceeds the total sum of the qualified campaign expenses he incurred?

Candidates are entitled to receive a total payment equal only to the sum of all their qualified campaign expenses, minus any allowable private contributions. Excess payments, if made, must be repaid to the Federal Treasury as certified by the Comptroller General.

10. What if the amount of money collected through the dollar checkoff exceeds the total amount needed to pay all of the candidates the sums to which they are entitled?

All such excess funds will revert back to the general fund of the Treasury after the election, to be used as normal tax revenue.

11. Who pays for the primaries?

The dollar checkoff law applies only to the general election, the period following the nominating conventions. Primary campaigns will be conducted with funding from private sources as before.

12. Who in the government is responsible for overseeing and reporting on the use of the funds?

The Comptroller General of the United States is generally charged with overseeing the administration of the Presidential Election Campaign Fund. Once the sums have been paid to the candidates, however, the candidate has control over the funds assigned to him. All candidates are required to periodically report on expenses, and after the election the Comptroller General is to carry out a complete audit. The Comptroller General is required to report to Congress after each election on the qualified campaign expenses of each candidate and such information is to be made public as a Senate document.

[From the Washington Post, Feb. 26, 1974]

A TAXPAYER'S REPLY TO POLITICAL CORRUPTION

In the second month of the campaign year 1974, the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle with campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet right now—without waiting for the denouement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

We refer to the "dollar checkoff" option on your tax return form, whereby you may instruct the Treasury to allocate $1 of your 1973 income tax ($2 on a joint return) to a nonpartisan public campaign fund for the presidential election of 1976. What's more, if you didn't check this provision last year (for your 1972 return), there's another space on the current form to earmark an additional dollar or two to catch up. The checkoff doesn't involve any extra charge on your tax bill; it is only an instruction from the taxpayer to use these amounts of his or her payments for a public campaign fund, established to offer an alternative to private financing of presidential campaigns in 1976.

The provision has been changed—for the better in our view—since last year. There are no longer three specific checkoff boxes, for the Democratic and Republican parties or a nonpartisan fund. All money checked off is to be deposited in a single fund—to be allocated to presidential candidates who meet certain conditions. The idea is to break the link between big money and big politics, by offering the next presidential candidates a choice: a major candidate deciding to use money from the public pot wouldn't be permitted to raise money from any other source.

Subject to any refinements that Congress may still enact, the system works this way: Public money accumulated in the fund by 1976 will be administered by the Comptroller General and will require congressional appropriation before it may be allocated. Candidates of parties that received more than 25 per cent each of the vote in the last presidential election—that means only the Democratic and Republic candidates in 1976—will be entitled to 15 cents times the certified voting age population as of June 1, 1975. (The figure as of July 1, 1972 was 139.2 million, which would have meant slightly less than $21 million under this formula.)

A candidate nominated by a minority party whose candidate in the preceding election received more than 5 per cent but less than 25 per cent of the popular vote would be entitled to a proportionate share of the amount determined for each major party candidate. Also each candidate nominated by a new party would be entitled to public funds if he or she receives 5 per cent or more of the popular vote in the current election. These funds would not be available until after the election, however, in amounts calculated under a set of formulas.

Last year, the "dollar checkoff" had a rocky debut since the option wasn't included in the regular taxpayers' income tax forms—it was on a separate sheet. Only 4 per cent of the taxpayers checked the option. This year, you'll find the checkoff box right on Page One, Line 8, and the 1972 box (for those who didn't mark this option a year ago) is just above the signature line on the same page. Of the returns filed in the first month of 1974, about 13 per cent included the checkoff order. The bulk of the returns, however, have yet to be filed.

We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities and improprieties which distingushed the 1972 electon in general, and the campaign to reelect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

Mr. BIDEN. Mr. President, I shall make one more observation. Beyond the matter of existing Presidential campaign fund, however, is a need for the public financing of additional campaigns for Federal office.

Public financing of Federal elections is the swiftest, surest way to purge our election system of the corruption that, whatever the safeguards, money inevitably brings.

Public subsidy would allow candidates, incumbents, and challengers alike, to compete more on the basis of merit than on the size of pocketbook free from that potentially corroding dependence on personal family fortune or the gifts of special interest backers. If Theodore Roosevelt had his way, we would all do business with "glass pockets"—politics needs those glass pockets.

I have become convinced that efforts to place ceilings on overall campaign expenditures, to prohibit certain groups from contributing funds, to restrict the size of campaign contributions—these and other devices, however well-intentioned and well-designed, are not fully effective.

Any public financing bill should include a central reporting system for contributions, provisions for financing of independent and minor party candidates, and modification of the franking privilege.

Mr. President, I ask unanimous consent that any statements made today on this subject by other Senators be printed immediately following the statements made by me and my colleague from Delaware (Mr. ROTH).

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

Mr. ROTH. Mr. President, I am happy to join the junior Senator from Delaware and Representative DU PONT to engage in an effort to make more people in the State of Delaware aware of the dollar checkoff provision for the next Presidential campaign fund. I can think of no way of better helping restore confidence in Government than to get millions of people throughout this great country to contribute financially to the next Presidential campaign.

I was concerned, upon going home and discussing the matter with a number of my fellow citizens, that they were unaware of this checkoff provision. It seemed that very few were aware of the program, even though it has been in effect for some time. As we all know, one reason is that the Internal Revenue tax forms last year, did not highlight this provision and for that reason many people did not contribute as originally hoped.

However, I was pleased and much encouraged by the report that was made yesterday by the senior Senator from Massachusetts and the senior Senator from Pennsylvania which shows that the dollar checkoff is beginning to work. According to this joint report to the Senate, it now appears that, under current returns, approximately 14 percent of the taxpayers are now using the checkoff, with an average designation of $1.50 on each return. I say that this is encouraging because it is estimated that, based on these figures alone, approximately $50 million will be collected for the 1976 Presidential campaign.

According to the Washington Post, which published an editorial on this matter yesterday, it would mean that each principal candidate should receive approximately $21 million under the formula that was established in this legislation, so that even under the present rate of contribuitons, it now appears that we are going to secure adequate funds for the 1976 Presidential race.

Nevertheless, I do not think we should be satisfied with this result. As I said earlier, I was concerned from my survey at home to find that many people were unaware of this program; and when I talked to them about it, they became very much interested in making their contribution. I am hopeful not only that

the people of the State of Delaware will increase their contributions, but that the congressional delegation of other States will engage in a similar campaign to that of Delaware in order to make their people aware of the importance of this program, so that we will insure for the future that Presidential campaigns are financed not by a few but by millions of Americans throughout our great country.

If we can make this program succeed, we will have made a major campaign reform that will help restore public confidence not only in our political system, but also in the one who is elected to the highest office. A President who has been elected without large financial contributions from private sources is in a stronger position. He is more independent than those of both parties who have in the past had to rely on large contributions. This does not mean to say—and I think it is important to emphasize this—that all those who have been generous in past years in their contributions to a party do not expect any personal benefit, because this is not the case. The vast majority of donors, whether they gave large or small amounts, are loyal Americans, and they gave in the best interests of the country. This has been the democratic way. But because, as is always the case, a few have taken advantage of the political situation, it has raised serious problems of suspicion, favoritism and even political skulldoggery. For that reason, I believe the dollar checkoff we now have on the books offers a major campaign reform. I like it, because it offers the individual to contribute in a voluntary way. It means involvement in the political systems by millions of Americans.

I am delighted to join my two colleagues from Delaware in an effort to publicize this program back home. I am confident that as a result of this effort, and because of the public's interest in campaign reform, we can make our contributions from the State of Delaware much larger than otherwise possible.

For the reasons I have set forth, I hope that Senators and other political figures from other States will encourage contributions from their taxpayers, so that we can make certain that the program does succeed, not only for the next Presidential campaign, but those of the future.

Mr. BIDEN. Mr. President, I yield to the distinguished Senator from Rhode Island.

Mr. PELL. Mr. President, I am indeed happy to join my colleagues in this discussion of the dollar checkoff for the financing of elections, and to urge that all American taxpayers take advantage of this provision in the law.

I wish to commend Senators BIDEN and ROTH for organizing this discussion, so that it may receive wide attention. And I wish especially to praise my senior colleague, Senator PASTORE, whose pioneering work and leadership helped bring to reality the checkoff system in 1971.

It is particularly appropriate that this discussion take place not only at a time when our Nation's taxpayers are preparing their annual returns, but also at a time when the Senate Committee on Rules and Administration has just reported to the Senate legislation which doubles the dollar checkoff in keeping with new and, I believe, immensely important concepts for the public financing of Federal elections.

Last September, as chairman of the Subcommittee on Privileges and Elections, I conducted 4 days of comprehensive public hearings on public financing. Many thoughtful reforms and recommendations were suggested to us. These were given shape in S. 2718, a bill which I introduced in November, which was reported forward to the Rules Committee, and which formed the basis for our careful deliberations.

As I have stated in the committee report, I believe this legislation will serve to remove "the temptation of seeking or of accepting the large compromising gift. It returns to our people, to our individual voters a rightful share and a rightful responsibility in the choosing of their candidates. And it can serve to establish that climate of public trust in elected officials which this country so earnestly desires."

Therefore, as we consider the dollar checkoff and its importance today in our election process, let us also consider its significance to future elections if this legislation is enacted, and when we truly enter that climate of trust and confidence.

Mr. President, may I also note that an amendment to the dollar checkoff which I offered in committee was adopted during our recent meetings. This would make the increased checkoff—$2 for a single taxpayer, $4 for husband and wife filing jointly—automatic, unless otherwise designated on the tax form.

There was much confusion in the filing of earlier returns in this regard. My amendment is aimed at ending this confusion and at placing emphasis on the positive attributes of the checkoff procedures.

Mr. ALLEN. Mr. President, will the Senator from Delaware yield for a comment?

Mr. BIDEN. I yield.

Mr. ALLEN. Mr. President, I am delighted that the Senators from Delaware are giving publicity to the so-called $1 checkoff.

I was delighted to hear the distinguished senior Senator from Delaware state that by the time of the 1976 Presidential election, there would be some $42 million in this fund, which is the amount that would be authorized for division between the two parties, if they elect to come under this plan. That would seem to the Senator from Alabama to make unnecessary two provisions of the new public campaign fund bill reported by the Committee on Rules and Administration. One provision is that the $1 checkoff would become a $2 and a $4 checkoff. That would be unnecessary. Two, the Rules Committee's bill has a provision stating that if a taxpayer fails to check off the $1, $2, or $4, he will be assumed to have agreed to have it withheld from his income tax.

Also, the report of the Rules Committee indicate that if taxpayers take advantage of the $2 checkoff, which is in effect a $4 checkoff, the cost to the Federal Treasury would be $234,740,000.

So it seems that those two provisions of the new bill would be unnecessary. I hope the Senator from Delaware will be aware of that when the time comes for a vote on the issue.

Mr. BIDEN. As a point of clarification, although what the Senator from Alabama has pointed out is correct—I hope we do not need to exercise those provisions—the fact remains that I do not think the impression should be left with the public that if more money is collected than is authorized under existing law, that will really cost the Federal Government. That goes back into the general revenues and is treated as regular tax dollars, if I am not mistaken. So it is not as if the money that is collected has to be spent.

Under the existing checkoff provision, it is a maximum of $24 million per major candidate and a ratio percentage considerably less than that for a party that gets between 5 and 25 percent of the vote. That is the amount of money that can be spent in a Presidential election, and it is directed under this legislation. I am not aware of any modification in the recent legislation which would change this provision, which is that the excess would go back into the general fund, to be distributed as any other tax dollar would be.

Mr. ALLEN. The full amount is a charge against the Treasury. It costs the individual taxpayer nothing, as the distinguished Senator has pointed out.

Mr. BIDEN. Mr. President, I yield to the distinguished Senator from Maine as much time as he may require.

Mr. MUSKIE. Mr. President, on behalf of myself and my distinguished colleague from Maine, Senator HATHAWAY, who is presiding, I compliment the two Delaware Senators for their interest in undertaking to lift this issue to visibility at this taxpaying time.

I think it is very appropriate that the Washington Post yesterday morning published an editorial on this subject. I wish to read just a paragraph or two from the editorial. It is titled "A Taxpayer's Reply to Political Corruption."

The first paragraph of the editorial reads:

> In the second month of the campaign year 1974 the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle wtih campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet, right now—without waiting for the denouncement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

Then, the last paragraph of the editorial states:

> We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities

and improprieties which distinguished the 1972 election in general, and the campaign to re-elect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

I commend my distinguished colleagues from Delaware for arranging this colloquy, to alert taxpayers to the possibility of making a "reply to political corruption."

Mr. President, the dollar checkoff will this year give every individual American taxpayer the opportunity to participate in a major reform of Presidential campaign financing. Through the dollar checkoff on every individual tax return, American taxpayers have the option of designating $1 of his or her taxes toward financing the next Presidential general election.

The individual taxpayer pays no more in taxes by using the dollar checkoff. But each dollar designated adds to the funds available for the Presidential election campaign fund, to be used for public financing of the Presidential general election.

If Americans make the dollar checkoff a success, they can help the next Presidential election satisfy the highest of democratic ideals. The dollar checkoff, as an experiment with public campaign financing, has the promise of making the general Presidential election entirely a public process—free from the influence of special interests through large private contributions. And freeing political campaigns from reliance on private fundraising is essential to public confidence in our democracy.

Using the dollar checkoff is simple. On each individual income tax return this year is a well identified box to check to designate $1 of Federal taxes, with separate $1 designations for the husband and wife on a joint return, to the Presidential election campaign fund. After appropriations by Congress, the amounts in this fund will be available to pay the costs of the general election campaigns of Presidential candidates, up to specified limits. Under the formula for making these funds available, candidates of major parties—which received more than 25 percent of the vote in the last election—will receive 15 cents per voter, or about $21 million based on 1972 statistics. Presidential candidates of minor parties or new parties—which receive over 5 percent of the vote in the most recent or current election—are eligible to receive a proportionate share of funds, based on the number of votes cast for them.

But to take advantage of public Presidential campaign funds, candidates in the general Presidential election must renounce private fundraising. The influence of private money—or the suspicion of that influence—would be removed from their campaigns.

Public financing for the general Presidential election will only be a success, however, if the American taxpayer uses the dollar checkoff. And the evidence so far is that the dollar checkoff is in fact working. As of February 15, about 14 percent of individual taxpayers—1.4 million of the 9.8 million tax returns processed—used the dollar checkoff. Of these returns, 640,000—or about 6.5 percent of all returns processed—were joint returns designating $2 for the Presidential election campaign fund. If this pattern holds true for all 1973 tax returns filed, a total of about $16 million will be designated for the Presidential election campaign fund from 1973 taxes. At this rate, we can hope to have about $60 million in the fund for the next Presidential election—enough for the candidates to present their case to the American people without private fundraising and the dangers it presents.

Public campaign financing can safeguard our faith in the process for choosing our political leaders. The dollar checkoff gives all of us the opportunity to endorse this basic reform to make democracy work better.

Americans' frustration with the political process is increasing every day.

Mr. President, I am delighted to join my distinguished colleagues from Delaware in promoting awareness of this opportunity.

Mr. BIDEN. I thank the distinguished Senator from Maine. I am delighted that he has pointed out something that I was unaware of until a week or so ago, and that is that the $1 checkoff can be $2 because a husband and wife in filing a joint return are each entitled to the $1 checkoff, which makes it a $2 checkoff. That point should be emphasized.

Mr. CLARK. Mr. President, will the Senator from Delaware yield?

Mr. BIDEN. I yield to the Senator from Iowa.

Mr. CLARK. Mr. President, first I wish to compliment the two Senators for arranging this discussion and for promoting the tax checkoff system.

The checkoff system has been discussed here thoroughly by both Senators from Delaware, the Senator from Rhode Island, and the Senator from Maine. It seems to me that one of the things that should be emphasized is that the checkoff system, as important as it is, should be viewed only as a beginning.

When we realize how public trust in government has been lost, both in terms of the Presidency and Congress, we begin to see the necessity for trying to restore it through the tax checkoff, first developed by the Senator from Louisiana (Mr. LONG). More recently, Senator KENNEDY and Senator SCOTT and a number of other Senators last year worked to improve and expand on that system, extending it to congressional races. If we are serious about restoring credibility to the Presidency and to Congress this is an essential next step.

Congress does not fare much better than the President in the public opinion polls. A year ago, the Gallup poll showed that public officials were 19th out of 20 in public confidence in various professions. I am not sure we have not fallen to 20. I am not sure the used car salesman has not moved beyond us.

We simply have to do something to restore public confidence, and the checkoff system is only a beginning. From there we have to go to more comprehensive public financing. My own feeling is that total public financing is preferable to matching funds, but that issue will be discussed here later.

It is not going to cure all political corruption. If anyone thinks that if we establish public financing, we will have a system that works perfectly, that all the evils of Watergate will disappear, they are mistaken—that is not going to happen. But public financing will take big money out of elections; it will mean people can run campaigns for office and be elected on the basis of their qualifications and the issues, rather than money.

If we are ever going to do it, if there ever is going to be congressional and public interest in that matter, it is now. So we cannot miss this opportunity.

It is possible to talk about all the problems of the checkoff system—where the money goes and all the difficulties of public financing—but to somehow say we cannot face up to those difficulties is really to say we like the present system, that the present system is working so well that we do not have to make any changes. Every time we raise objections to this phase or that phase or that problem or this problem, whatever they are, we have to remember the central point: Do we want to keep this system? Does the present system work well? I do not think it does. I think the checkoff system is better, and it represents the beginning of a better method of electing public officials in this country.

Mr. BIDEN. I thank the Senator. I think it should be emphasized that we are not talking about passing any new legislation. The law already exists.

The Senator from California (Mr. CRANSTON) indicated he may have an interest in commenting on this matter.

Mr. CRANSTON. I thank the Senator for yielding.

Mr. President, I thank the Senator from Delaware also for bringing about a discussion on a very important matter. To paraphrase what the Senator from Alabama said, the Senator from Delaware is ever aware.

When Americans file their income tax returns sometime between now and April 15, they can strike a blow for good government and clean politics with a simple checkmark.

Near the top of the form 1040 are boxes for assigning one tax dollar—or $2 if it is a joint return—to the 1976 Presidential campaign fund.

Checking one of the boxes will not raise an individual's taxes. And it will not reduce the refund if the Government owes the taxpayer money.

No matter who the people's choice for President may be in 1976, the dollars of millions of private citizens will help make candidates less dependent on wealthy campaign contributors who often have a special ax to grind.

The next Presidential campaign and every political campaign is really the people's campaign—not some candidate's campaign. Political campaigns determine the kind of government they will get and the kind of country—and world—they will live in.

The dollar checkoff will help remove the curse of big private money from politics, and help give us clean politics and good government.

Big money in political campaigns

means big privilege in the form of tax advantages—tax subsidies—and tax loopholes—for multinational corporations, the oil and gas industry, banks, security investors, wealthy individuals and business in general.

The amount of Federal income tax not collected because of these privileged exceptions is staggering. According to a recent study by Tax Analysts and Advocates, a nonprofit corporation specializing in tax information and tax law, in fiscal year 1975 an estimated $78.3 billion will not come into the Federal Treasury because of these exceptions. Various of these exemptions are completely justified and should not be eliminated. But the point is that the exemptions were written into the law because their beneficiaries had easier access to their Congressmen through doors opened by the money these beneficiaries poured into the Congressmen's campaigns.

Closing that door through public financing of campaigns will not and should not eliminate all of these exemptions. But I would estimate that at least 10 percent of them could be cut back amounting to $7.8 billion, which would not have come out of the average taxpayer's income tax return. This would far exceed the cost of public financing.

The dollar checkoff by the average taxpayer will be paid back many times over in both money and good government through ending the privileges which the business world buys in our tax system.

Again, I thank the Senator from Delaware.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from Montana is recognized for not to exceed 15 minutes.

Mr. MANSFIELD. Mr. President, I would like to turn over all my time but 1 minute to the distinguished Senator from Delaware, but I want to use that 1 minute just to emphasize the following. First, I am delighted that the Senators from Delaware are showing such leadership in this area. Second, I want to state for the record that this was inaugurated into law in the Revenue Act of 1971. It is not a result of Watergate. It is something which the Senate anticipated before Watergate. So the record should be clear that this is not a Johnny-comelately piece of legislation, but something which was put into effect almost 3 years ago.

I thank the Senator.

Mr. BIDEN. I thank the Senator.

Mr. President, I yield to the Senator from Massachusetts such time as he may need.

Mr. KENNEDY. Mr. President, I want to join my colleagues in commending the distinguished Senators from Delaware for sponsoring the colloquy taking place on the floor of the Senate. It is extremely timely.

I have had a chance to review the testimony of the Senator from Delaware before the Rules Committee on this issue, and I want to commend him for his contributions to the debate. I think, in many respects, it was some of the most eloquent and telling testimony before the committee. I think the fact that the two Senators from Delaware are sponsoring this colloquy shows the bipartisan nature of the effort for true campaign reform, which can be, perhaps, the single most important legislative action Congress takes this year.

I am also heartened by the presence of the majority leader, who more than anyone else was responsible, with the Senator from Louisiana (Mr. LONG) and the Senator from Rhode Island (Mr. PASTORE) for the enactment of the dollar checkoff in 1971. I am also pleased to be here with Senator CRANSTON and Senator STAFFORD, who have been among the most vigorous and effective leaders in the Senate in working for public financing of elections.

Together, we are here this morning to urge taxpayers throughout the Nation to use the dollar checkoff on their tax forms.

Under present law, the public funds available through the checkoff will be used to pay for the cost of the 1976 Presidential election. In effect, a great new national experiment is underway. If the checkoff proves successful, the 1976 election will be a historic first—an election paid for out of public dollars, and an end to the reign of massive private contributions and the appearance of corruption that travels in their wake.

The results so far indicate a dramatic improvement over 1972, when it was used on only 3.1 percent of the returns and brought in only $3.9 million. By contrast, the early results for 1973 show that the checkoff is beginning to catch on. As of February 22, 29 million tax returns, or approximately 36 percent of the expected returns for 1973, had already been filed. And on 14.4 percent of those returns, taxpayers used the checkoff for 1973 so that a total of $2.9 million has already been accumulated in the fund. In addition, 6.8 percent of the returns are using their current returns retroactively, to also make a checkoff designation for the 1972 tax year, amounting to another $1.4 million for the fund.

The weekly and cumulative results of the checkoff make clear, however, the rate of use of the checkoff has leveled off in recent weeks, at about 15 percent for 1973 and 7 percent for 1972. At that rate, the funds available from the checkoff will bring in about $50 million by April 1976, enough to pay for the 1976 Presidential election.

But that is not good enough. If public financing is necessary for Presidential elections, it is also necessary for Senate and House elections and for primaries as well. To pay the cost of public financing for all Federal primaries and general elections, as proposed under the Rules Committee bill now on the Senate Calendar, the checkoff will have to bring in about $90 million a year. Under the terms of the bill, the checkoff will be doubled, which means that each designation will bring in $2 instead of $1. Still, at this new level, participation will have to increase to the point where one in every three taxpayers are using the checkoff.

That is the real challenge the checkoff faces today. It is doing well, but it has to do even better. That is why I am honored to take this opportunity in the Senate to urge every taxpayer, as he prepares his return between now and April 15, to use the checkoff. It is the wisest possible investment a citizen can make in the future of his country.

In closing, I again commend the Internal Revenue Service for the vigorous and imaginative initiatives it is using this year to publicize the dollar checkoff, especially in the public service radio and television spot announcements that are being broadcast at this time. Let us hope that in the 6 weeks left in the current filing period, people in public and private life will take up the call, so that working together, we can enable the checkoff to meet the goal of public financing for all elections to Federal office.

Mr. President, I ask unanimous consent that a table summarizing the weekly and cumulative results of the dollar checkoff, as made public by the Internal Revenue Service, may be printed in the RECORD.

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

RESULTS OF DOLLAR CHECKOFF

1973 returns filed in 1974	Returns using checkoff for 1973		
	Number	Percent	Amount
Through Jan. 18	43,198	10.7	$60,066
Week of Jan. 25	120,202	14.0	171,984
Week of Feb. 1	251,312	14.7	365,777
Week of Feb. 8	396,287	14.3	585,519
Week of Feb. 15	553,806	14.1	820,986
Week of Feb. 22	629,822	15.1	930,641
Cumulative:			
Jan. 25	163,400	13.0	232,050
Feb. 1	414,712	14.0	597,827
Feb. 8	810,999	14.1	1,183,346
Feb. 15	1,364,805	14.1	2,004,332
Feb. 22	1,994,628	14.4	2,934,973

Note: Total returns processed: 13,825,954. 81,000,000 returns expected by Apr. 15, 1974; as of Feb. 22, 29,250,000 returns had been filed. The figures in the table are based on returns processed.

RESULTS OF DOLLAR CHECKOFF

1973 returns filed in 1974	Returns using checkoff for 1972		
	Number	Percent	Amount
Through Jan. 18	21,580	5.3	$30,461
Week of Jan. 25	59,360	6.9	85,998
Week of Feb. 1	120,088	7.0	177,418
Week of Feb. 8	186,534	6.7	280,093
Week of Feb. 15	258,172	6.6	390,459
Week of Feb. 22	294,289	7.1	443,390
Cumulative:			
Jan. 25	80,940	6.4	116,459
Feb. 1	201,028	6.8	293,877
Feb. 8	387,562	6.8	573,970
Feb. 15	645,734	6.7	964,429
Feb. 22	940,023	6.8	1,407,819

Mr. BIDEN. I thank the Senator very much.

Mr. President, at this point I ask unanimous consent to have printed at the conclusion of the colloquy a statement by my distinguished colleague from Minnesota (Mr. MONDALE) on this subject.

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

(See exhibit 1.)

Mr. BIDEN. Rather than take the entire remaining time, unless some other Senator wants to speak on this subject, I would like to close by emphasizing several points.

First, as the distinguished majority leader has said, this is existing legislation. It was on the books before Watergate. It is a telling indictment of the

system in that it was anticipated long before Watergate was a big problem, and this was one way of getting around it. It is unfortunate that, for various reasons, without casting blame on anyone in particular, the IRS did not see fit to advertise it last time as widely as is being done now.

Second, there is an absolute ceiling on what can be spent. The American public should not think that if, in fact, more money is raised than allowed for under the law, somehow or other that money is going to be frittered away on balloons and billboards. That is not the case. It will go back into the general revenues to be spent for everything from the military to social welfare programs.

In addition to that, the cost to the taxpayer is nothing. It does not increase or diminish the taxpayer's payment one iota. In addition, it should be pointed out that it is important to emphasize this because it could have an effect in increasing by 25 percent the amount that is returned to the general revenue.

The taxpayer can on a joint return check off $2, not just $1. I would like to emphasize that and implore my colleagues in the Senate and the House to advertise this fact in their newsletters which are about to go out prior to the deadlines for the filing of returns. This provision does in fact exist in the law.

It seems to me that, as one strong supporter of public financing, I would be delighted not to continue contributing to the argument on public financing with those who oppose my position, as I will be able to do, if in fact we eliminate this issue by having enough money derived from this particular method of funding Presidential elections.

I would like nothing better than to never have to talk again on this issue of the public financing of Presidential elections. If we can, in fact, encourage enough Americans to take advantage of the existing law, I will not have to talk about it again.

Mr. President, does my colleague, the distinguished senior Senator from Alabama (Mr. SPARKMAN), intend to comment on the $1 checkoff provision before I yield back the remainder of my time?

Mr. SPARKMAN. Mr. President, if the Senator would yield, I would point out that that provision is already in the law. It was on the tax returns last year. Unfortunately, however, it was badly placed. This year, however, it is right on the front page. I used the checkoff for myself, and my wife used it for herself.

I think it is a good arrangement. I hope that the taxpayers in the country will take advantage of it.

Mr. BIDEN. I thank the Senator. I would like to conclude by saying that I think it is important that the taxpayers of this country realize that there is a method by which this money can be disbursed.

The two major parties would have equal amounts of money to spend, assuming that they get more than a 25-percent vote in the preceding election. The minor parties and third parties will be taken care of if they get a certain percentage of the vote in the preceding election.

We can make the particulars of this legislation made known to the people of Delaware. I hope that we will be able to make it known not only in Delaware, but also across the United States by emphasizing the fairness of the legislation and what it contains.

I thank my colleagues for participating in this colloquy, and particularly I thank my senior colleague, Senator ROTH, who helped arrange this entire colloquy.

I hope that the people will be made known of this. I hope that the ladies and gentlemen of the press who sit up there and look down on us, attribute this effort to Senator ROTH and that the American public can get out of the business of buying elections and can through the Presidential election procedure check off the $1 provision on their returns.

I hope that the American press will help this effort by donating full-page ads advertising this fact.

Mr. President, I am really just being facetious. However, I would hope that the press would disseminate this information.

Mr. President, I yield back the remainder of my time.

EXHIBIT 1

STATEMENT BY SENATOR MONDALE

The revelation yesterday that the President's personal attorney, Mr. Kalmbach, was engaged in selling ambassadorships in exchange for campaign contributions is just one more bit of evidence that our present system of financing campaigns must be changed.

We no longer need opinion polls to tells us that the average American is terribly disillusioned and cynical about government, politics, and politicians.

And they have every right to be, when they see the kind of distortion of our democratic election system that has been revealed in the last year.

What they have seen is a virtual "Buy America" system, in which those who are wealthy enough . . . and powerful enough . . . and cynical enough . . . can buy what they want from government at the expense of the average citizen.

But Americans now have a chance to work a fundamental change in that system.

By checking off $1 on their tax returns, they can assure that the Presidential candidates of the major parties in 1976 will not have to make their peace with wealthy and powerful special interests in order to run for the highest office in the land.

And they can assure that the businessmen of this country will not be subjected to the extortion and shakedown tactics which were such an appalling feature of the last Nixon campaign.

If the $1 check-off is successful, candidates will owe allegiance only to their conscience, the law, and the people. That is the way it should be . . . and must be.

The response to the $1 check-off so far this year has been very encouraging.

Through February 15, more than 14 percent of all returns filed used the check-off, and more than $2 million has been set aside.

This is a striking contrast from last year, when only 3 percent of the returns used the check-off.

In addition, nearly 7 percent of those filing this year are making a retroactive check-off for 1972, which they are allowed to do.

At this rate, there will be more than enough in the $1 check-off Fund to provide each major party candidate with $21 million in public money in 1976.

This is solid evidence that public financing can work, and that the American people are willing to invest a small amount each year to make our democracy as honest and responsive as we possibly can.

Mr. MANSFIELD. Mr. President, I commend the distinguished Senators from Delaware, Senator BIDEN on the Democratic side and Senator ROTH on the Republican side, for the initiative they have displayed this morning.

I especially commend the distinguished Senator from Delaware (Mr. BIDEN) for laying out the facts and for pointing out that it is entirely voluntary and that there is no cost attached to the taxpayers. He has pointed out that there is a way of participating in publicly financing the candidates and furthermore that there is one way to get away from the fat cats who have dominated the Presidential elections for too many decades.

I think that if for no other reason public financing on this basis is far, far superior to the type of participation which has placed a blight on the Presidential elections in recent years. And that applies to both Democratic and Republican candidates.

Mr. BROOKE. Mr. President, Mark Twain once said that although everybody talks about the weather, nobody does anything about it. For a long time that seemed to be the case with the regulation of campaign financing as well.

However, in 1971, Congress passed two major pieces of campaign finance legislation—the Federal Election Campaign Act and the Federal Election Campaign Fund Act.

The former measure required full disclosure of campaign contributions and expenditures and imposed broadcast and media expenditure limitations in order to slow the spiraling cost of campaigns. The political corruption that occurred in the 1972 Presidential election campaign made the need for this full disclosure requirement painfully apparent.

The latter act, establishing the so-called tax check-off, has not yet been utilized—its effective date is the 1976 Presidential election—but it is of perhaps even greater significance, and I look forward to seeing this law live up to its potential as well.

The tax check-off, as originally drafted, allowed all citizens to designate $1 of their taxes for use in financing the campaigns of Presidential candidates in the general election. One could, if he or she wished, stipulate that money be used for the Democratic or Republican standard-bearer; or one could allocate his or her dollar to a general fund to finance all candidates qualifying for assistance.

The checkoff costs the taxpayer nothing extra in taxes owed. The dollar comes from his normal tax payment.

It is a regrettable fact that on only 3 percent of 1972 returns did taxpayers check-off a dollar for the campaign fund.

This deplorably low participation rate can be attributed to a number of factors. Many taxpayers remained ignorant of the "check-off" because it was not on the regular tax form but on a separate sheet. In addition, a number of citizens were perhaps reluctant to designate their tax money for the benefit of one particular

political party. Moreover, in this era of increased sensitivities about preserving one's personal privacy, many people, quite frankly, did not want to list a political party preference on their public tax return, feeling that this was a personal item.

In July of 1973, we in the Senate corrected these shortcomings. No longer will taxpayers have to hunt for the "checkoff"—now, by law, it must appear on either the front page or the signature page of every form. And, perhaps more importantly, the Republican and Democratic Party designations have been eliminated—all moneys will now be accumulated in a nonpartisan fund, with the major parties to be allocated equal amounts. Minor parties will also be eligible for funding.

With these corrections, taxpayers are participating at a higher rate than before. 13 percent of the returns for January 1974 included the "checkoff." Although continued participation at this rate might allow the 1976 Presidential campaigns to be financed entirely from public dollars, I would hope that the rate might go yet higher. For only if we remove those seeking public office from their reliance on large donors, can we then be absolutely certain that those holding public office will not be under an obligation to the individuals and interest groups that contributed to their campaigns.

Thus, I would like to join my colleagues today in calling for increased usage of the election fund tax checkoff provision. I believe it to be a significant step forward in restoring the integrity of our electoral process.

Mr. PASTORE. Mr. President, each year at this time millions of Americans must undergo one of life's more unpleasant tasks—payment of their income taxes.

Painful at this experience is we all recognize its necessity. With the privilege of citizenship also comes responsibility.

This year for the first time the front page of IRS form 1040 provides a space were a taxpayer may designate $1 of his 1973 income tax be paid into the Presidential election campaign fund, or $2 with a joint return. This is popularly known as the dollar checkoff. This does not cost the taxpayer any extra money. He or she merely designates that $1 of their tax money should be used for qualified Presidential candidates.

Mr. President, the option to do this was available to taxpayers last year when they paid their income tax for 1972. Due to administrative confusion, however, no space was provided on the IRS form 1040 as Congress intended when it enacted the Presidential Election Campaign Fund Act.

Rather, taxpayers had to file a separate form if they wished to use the dollar checkoff.

Although about $4,000,000 was paid into the Presidential campaign fund through the dollar checkoff last year, this was only 3½ percent participation by the eligible taxpayers. It is reasonable to assume considerably more money would have been paid in had space been provided on the face of the 1040 form.

I might also add, in an attempt to rectify this oversight, this year's form 1040 also contains a separate space where a taxpayer may still check off $1 of his 1972 taxes.

Mr. President, in 1971 I sponsored the amendment which eventually became law and permits the dollar checkoff.

This law is intended to provide public funds for paying the qualified campaign expenses of eligible Presidential and Vice Presidential candidates of a political party.

The General Accounting Office has prepared an excellent summary of the Presidential Election Campaign Fund Act, and how it will work. I ask unanimous consent it be inserted in the CONGRESSIONAL RECORD immediately following my remarks.

In addition, my amendment had two other provisions intended to encourage small political contributions.

These provisions provide tax incentives for contributions to candidates for public office.

The first allows a maximum tax credit against an individual's income tax of $12.50 if filing individually, or $25 in the case of a joint return, for political contributions.

The second provision is an alternative to the first, and permits a maximum deduction in lieu of a credit of $50, or $100 if a joint return.

Mr. President, before Watergate I was among those in the Senate who urged election campaign reform. I also sponsored the legislation which effected the first major overhaul of our Federal campaign laws in over 25 years. I also managed that bill on the floor. It, of course, became the Campaign Reform Act of 1971.

Last year I introduced further amendments to that law designed to tighten it further in view of the experience of the 1972 election campaign.

That bill, S. 372, has passed the Senate and now awaits House action.

Mr. President, the cornerstone of our Republic—the democratic electoral process—is in jeopardy. Unless that process is sanitized, and faith in its integrity restored, people will remain cynical and regard it as a sham.

The quickest and soundest way to restore the voters faith in the electoral process is to remove the necessity of candidates to rely on large individual contributions privately solicited. This is where the trouble starts, and abuse creeps in.

I hasten to add, I am not reflecting on the integrity of any elected official. The fact of contributions creates the appearance of impropriety, and this in and of itself undermines the electoral process.

The Presidential Election Campaign Fund with the "dollar checkoff" is remarkably suited tc accomplish a good deal of the needed reform.

If it succeeds as many of us believe it will, I see no reason why it cannot be extended to other elective offices, such as Senator or Representative.

Mr. President, I therefore urge all Americans to make use of the "dollar checkoff" when they file their 1973 income tax.

Mr. MOSS. Mr. President, on several occasions I have stated my strong support for some form of public financing of campaigns. I am glad to join with several of my distinguished colleagues this morning in stating again that public financing is necessary if the corruption of recent elections is to be avoided.

The traditional practice of campaign revenue raising is susceptible to much abuse. Political campaign costs require a candidate to raise hundreds of thousands, and sometimes millions of dollars. Since most candidates do not possess such extensive means, they solicit them from private sources—primarily wealthy individuals. As a result, 90 percent of all contributions come from only 1 percent of the voters. The lists of contributors is largely made up of representatives of corporations, special interest groups, and certain individuals with loaded personal concern and expectations. I agree with the distinguished Senate majority leader that "it is not healthy for the Nation for politics to become a sporting game of the rich." But, in reality, politics in America in far too many instances, has become a sporting game of the rich.

In order that participation by the American electorate in the political process could be broadened, I have supported the "tax-check-off" approach to financing of political campaigns. My voting record and statements have indicated this. I was happy to join with one-third of my colleagues in support of eight basic principles on public financing of elections. One of these principles supported the tax check-off concept that was adopted in 1971 to provide Treasury financing of qualified candidates for President and Congress in the general elections at a level that would enable a candidate to mount an effective campaign without the need to seek large private contributions.

I believe that the existing tax checkoff provision is a step in the right direction. It provides that future Presidential election campaigns will be financed, at least partially, through the tax-checkoff provision. Taxpayers can indicate on their tax forms that $1 of their tax liability, or $2 on a joint return, can go into a general fund for financing Presidential campaigns.

To date, this method of raising campaign revenue has not been as successful as some had hoped. Some have referred to it as a futile act. Others have called it a dud. This criticism, due to the first year of operation of the tax checkoff provision in which less than 3 percent of the tax returns were accompanied by a checkoff form is not entirely warranted. Several reasons can be given for this low participation. Many individuals were unusually apathetic about their political system. This is still true today to a great extent, but hopefully the evident corruption of the 1972 election will increase interest in how revenue for political campaigns is raised and will generate additional interest in public financing.

Many individuals in 1972 misunderstood from where the money on the checkoff would come. They thought that it would cost them an extra $1. And the contribution was obscured with a separate required form. The advantages to the 1973 tax return over that of 1972

should provide a better means of assessing the success of the tax checkoff provision. The checkoff now appears on the face of the 1040 tax form and on the short form, rather than on a separate form. The IRS has given the tax checkoff much more publicity than a year ago. And the party designation option, which created some hesitancy on the part of a few individuals, has been eliminated.

An important aspect of the tax checkoff is that it provides a means by which the taxpayer can chose whether some of his tax dollar should go to political campaigns. There is no pressure placed upon him. It just gives the average American the opportunity of participating in democratic government.

If the tax checkoff option could be increased to $2 per individual, and $4 per joint return, and if all American voters would participate, all Federal elections, including primaries, could be financed by this means. This, of course, is the ultimate goal. Philip M. Stern, president of the Center for Public Financing of Elections, estimates that the cost for all Federal elections at $262 million, or only $1.88 for each of the 140 million Americans of voting age.

I am happy to report that support for the tax checkoff in Utah was greater than support nationally. A Utah poll, conducted by the Salt Lake Tribune, indicated that slightly more than 10 percent of Utah voters exercised the option to contribute through the tax checkoff.

Utah is one of the few States that provides for a State tax checkoff. In Utah, the taxpayer checks a box on the State tax form designating $1 of his taxes to his party's State committee. The money collected will be split between the State and county party central committees to be spent for campaign purposes. I commend government representatives in my State for their efforts in this regard.

I am confident that the allowance for taxpayers to a checkoff on their Federal income tax for campaign purposes is an alternative to the many scandals of big money contributions and the problems of past elections. I endorse the concept of the tax checkoff entirely. I hope that the real intent of this method of campaign financing will be realized. In order that it will be realized, we must continue to give active support to it.

Mr. MONTOYA. Mr. President, last December I sent a newsletter to my constituents in New Mexico concerning the dollar tax check-off on their Internal Revenue tax forms, and urging their use of this most important alternative method of financing political campaigns.

I said then that it was "a chance to put the public interest first," and I still believe that to be true. Certainly this year every American must be searching for a way to make our political system more responsive to his needs and less open to the corruptive influence of big money and hidden power. Testimony before the Senate Select Committee on Presidential Campaigns has provided an ugly picture of money in brown paper bags, in cash, in secret funds, in illegal corporate contributions, and other questionable ways of paying for the elections of a President.

It has become crystal clear that we must find an honest and simple alternative to the kind of campaign funding which that testimony described.

In 1971 Congress established the Presidential Election Campaign Fund as one option which taxpayers could select if they wished to share in the cost of election campaigns, and thereby dilute or destroy the influence of "big money." The law, as amended, would assure public disclosure of campaign expenses, an audit of financial reports, and equitable financial distribution of campaign money, and the healthy knowledge that no private contributor is being allowed to buy more than his citizen's share of influence with a winning candidate.

Congress believed that this opportunity, if used by taxpayers, would prevent the excessive influence of large contributions of money in national campaigns. The first campaign to be funded will be in 1976—but only if enough taxpayers share our belief. If taxpayers decide to use this way of paying for our national election campaigns, no other funds would be needed by major candidates, and no favors would be owed to any special interest or any special contributor.

Last year, the first time this option was available, the tax information was not clear, and forms did not carry the tax checkoff option. Only 4 percent of taxpayers checked the option either through lack of information or lack of the proper form. As chairman of the Appropriations Subcommittee on Treasury, U.S. Postal Service, and General Government, I urged the Internal Revenue Service to place the checkoff box on both form 1040 and 1040A in a better position, and to make information concerning the Presidential election campaign fund checkoff available to all taxpayers.

I am pleased to note that this year the box is in a prominent place on both forms, and in addition a box has been included, making it possible for those who neglected or did not have the opportunity to checkoff last year to do so this year for 1972 as well as 1973.

In addition, the IRS Publication 585, "Voluntary Tax Methods to Help Finance Political Campaigns," is now available through the Government Printing Office. I have made this publication available to New Mexico taxpayers through my Washington and New Mexico offices, and urge my colleagues to consider this additional tax service to their constituents.

It is essential that all Senators and Representatives who discuss this method of paying for Presidential campaigns with voters emphasize that utilizing the checkoff system will not increase the individual tax of any taxpayer. Despite efforts by the IRS to explain this to taxpayers, the idea seems to persist that the $1 or $2 checked will add to the individual tax. It is up to Congress to help publicize the fact that the dollar checkoff system simply authorizes the establishment of the fund and authorizes Congress to appropriate from the fund in an election year. It will neither increase the tax paid by any citizen nor decrease the amount of his refund.

The first Presidential campaign in which we will have an opportunity to utilize this fund will be in 1976. But the important year for this alternative method of financing Presidential campaigns may well be this year, 1974. This is the year in which a clear-cut opportunity to participate fully in support of democratic government is open to the people of this Nation. The key to success of the system will be the number of taxpayers who understand fully the system and who share the feeling that the only "big contributor" to any candidate should be the American people.

This is our chance to prove the Government of the United States belongs to the people—and not to special interests.

I urge my colleagues to do all in their power to reaffirm the principle of free elections, and to do away with the temptations to illegality and impropriety which the old system provides.

Mr. CASE. Mr. President, the elementary obligations of citizenship can, and often are, reduced to platitudes. We say, "register and vote" and certainly that is just what good citizens, by the millions, do.

As I have noted before, this is the beginning—rather than the end—of a citizen's responsibility. To me, the essence of citizenship is the extent that each individual accepts responsibility for the quality of public life.

Each day I grow more aware that individual citizens are terribly disturbed about the quality of public life.

My mail is heavy with queries from constituents who demand "What in the world is going on down there?"

A few also ask what role is left to the individual citizen as the morass of fact and fiction concerning Watergate grows deeper.

I would like to take this occasion to call attention to one additional way individuals can accept the responsibility for the quality of public life.

I refer, of course, to the dollar checkoff.

The voluntary act of checking off a dollar contribution to establishment of a Presidential election campaign fund is an act of responsible citizenship.

This is a painless way to direct money be spent and, perhaps, it could mark the beginning of the end of one of the most disturbing truths in American politics.

Eighth grade government texts teach that men with wealth are much more likely to be elected to high offices than men and women of modest means.

The eighth grade texts may not go into it, but the fact is that it is difficult for people without wealth to run for high public office. The need for funds has, I believe, been a most corrupting influence.

I see the dollar checkoff as a benchmark in American politics if the American people become more aware of it. In my own State of New Jersey this year about 20 percent of the taxpayers are earmarking $1 for public financing, which is greater than the national average of about 14 percent.

Senator HUMPHREY and I spoke to this point before in urging that the Federal Government include public service notices about the checkoff system with the

1973 W–2 forms. I still hope that we may see the executive branch recognize the potential ability it has, as one of the largest employers, of notifying hundreds of thousands of Americans about the dollar checkoff.

I believe both the Congress and the executive branch must make use of every possible opportunity if last year's record is to be improved.

Mr. BENTSEN. Mr. President, the Congress recently approved a Presidential election campaign fund to be financed through taxpayer contributions. This is the $1 tax checkoff that American taxpayers are considering as part of their income tax returns this year and I believe it may mark a turning point in the history of campaign financing for the Office of the Presidency.

The purpose of the dollar checkoff is to remove Presidential elections from the murky world of private financing and move these elections into the public light and under the people's control. There is the chance, with this checkoff, to reform Presidential elections and to end the present system where our highest office is up for auction to the highest bidder.

If the events of the 1972 Presidential election teach us anything, it certainly must be that campaign spending has grown out of bounds and that the fundraising activities necessary to support that kind of spending have undermined public support for our most important office. The people feel that while their votes may influence the election day outcome it is the contributions of special interests which will influence the major decisions made following that election outcome.

I do not agree with that sentiment for I do not believe that most campaign contributors expect a quid pro quo, a favor for favor return when they make political contributions. Abuses by some, though, have called into question the activities of all and have undermined the confidence of the people in their public officials. The figures behind this loss of confidence are startling.

The campaign for President of the United States is estimated to run over $100 million in a given election. We know that the Committee To Re-Elect the President raised and spent nearly $40 million in 1972 and that was without any meaningful primary campaigns. The figures also indicate that 90 percent of political contributions come from 1 percent of the population.

In truth, Mr. President, the level of campaign spending has grown outrageously and the potential for candidates to become dependent on the purse strings of the moneyed continues to grow as well. If we are concerned with the dangers threatening our democratic form of government, if we are concerned with the eroding confidence of the people in their Government then we must be concerned with the issue of campaign spending.

The Congress, through the dollar checkoff, has given the people an avenue for reform. Their collective dollars can now have the same influence in determining how candidates campaign that their collective votes have always had on how candidates are elected. A candidate for President can now be beholden to the people for their contributions as well as their votes and that combination could create a powerful force for the common good in the Office of the Presidency.

I hope that taxpayers will make their money felt along with their votes. I hope that the public trust of the Nation's highest office can be removed from the campaign finance auction block and placed back in the hands of the people to whom it belongs. I believe it is time to replace the era of suitcases full of laundered, cash contributions with one where public funds are raised in the open and spent according to law.

For those who are wondering what can be done about Watergate, I say that the solution begins with you, the individual taxpayer. Your dollar checkoff can mean the beginning of a new era in campaign financing.

Mr. HUMPHREY. Mr. President, last June, during debate on my dollar-check off amendment to the debt ceiling bill, I noted that only 3.1 percent of all taxpayers used the dollar check-off in 1972. I also observed that this failure of so many Americans to avail themselves of this opportunity to reduce the role of private money in politics was in large part the result of obstacles which the administration put in their way. Executive inaction, and footdragging, thwarted this effort by Congress to build equitable citizen participation into the political process.

It was this failure of the executive branch to publicize this opportunity and to make the check-off as easy as possible for people, that led to my amendment requiring that the check-off box be placed on the front page of the tax return form and that this opportunity be publicized.

The election of 1972, and revelations since then, have hammered an indelible impression into the mind of every American citizen about the elective process and how campaigns are financed. Secret funds, illegal contributions, slush funds and laundered millions, only begin the long list of affronts to the American citizen. Mr. Jeb Stuart Magruder, when asked by the Senate "Watergate" Committee what he considered to be the major impetus for his and other questionable election activities, simply replied, "Too much money."

Never were conditions and public sentiments in our country more supportive of significant campaign finance reform than they are today. Hopefully, Congress will soon move ahead with the substantial campaign finance reform that our people are demanding.

I am very pleased to report to the Senate today that our decision to require the IRS to place the checkoff box on the front page of the income tax return from and to report its public information plan on the check-off to Congress each year, is begining to have the intended result.

Mr. President, the Internal Revenue Service informed me today that, with only 17 percent of the 1973 income tax returns processed, we have already exceeded total collections from the dollar check-off last year. For returns processed as of February 22, participation was running at a 14.4-percent rate for 1973, and this participation rate is increasing further. Moreover, the participation rate of taxpayers who had not used the check-off in 1972 and are correcting for that as provided in this year's forms, is currently at a level of 6.8 percent.

As a result of these participation rates, the IRS has already collected $5.3 million this year, compared to $4 million designated for all of last year. Even if the current rate of participation continues, without the further increase that is expected, we can expect to raise about $25 million this year. Assuming that the rates of participation on 1974 and 1975 returns is about the same, a pessimistic assumption, a public fund of at least $6 million would be available to finance the Presidential campaigns in 1976. This will indeed have a profound impact on the nature of the next Presidential election.

Mr. President, I would also like to take this opportunity to publicly commend all of those in public and private organizations that are making this nearly fivefold increase in the participation rate possible.

The Internal Revenue Service has done a commendable job of publicizing the dollar checkoff. Our labor unions have made a key contribution by heavily publicizing the dollar checkoff in their publications and by working with employers to encourage its use. Private firms have also provided information to their employees encouraging their participation, with many accounting firms reminding clients of this opportunity. Public service organizations like Common Cause also made an important contribution. I am also pleased to note that many Government officials have informed me that they will include an information note on the dollar checkoff, enclosed with the W–2 form sent to all of their employees.

This is the kind of broad-based and active support that can make the dollar checkoff the success that it must be. These and all of the other organizations that have contributed their support are providing a valuable public service.

Mr. President, no less a man than James Madison stated in issue No. 10 of the Federalist Papers that "the more free a people, the greater likelihood that they would choose more knowledgeable and more honest governors." But freedom requires favorable conditions—an educated electorate and equality at the starting gate.

Mr. President, if the rate of participation continues at the current level or increases, the dollar checkoff will move us closer to financial "equality at the starting gate" than ever before in American political history.

Mr. President, I ask unanimous consent that a few examples of efforts to promote use of the dollar checkoff be included at this point in the RECORD. These include a few of the responses by governors to my suggestion to them that they include a note on the dollar checkoff along with the W–2 form that goes to each State employee. I also request that the February 25, Washington Post edi-

torial, entitled "A Taxpayer's Reply to Political Corruption," be printed in the RECORD.

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

OFFICE OF THE GOVERNOR,
Frankfort, Ky., December 21, 1973.
Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: This letter is in response to your suggestion about notifying state employees about the "dollar check-off" for political parties on their income tax forms. You are correct, the time is short, but I am going to try to have our Department for Finance and Administration include a notice with each state employee's W-2 and K-2 individual income tax form.

Sincerely,

WENDELL.

STATE OF OHIO,
OFFICE OF THE GOVERNOR,
Columbus, Ohio, December 19, 1973.
Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your letter of December 14 and for calling my attention to your most commendable program to encourage all American citizens, and especially public employees, to participate in the "dollar check-off" plan for political contributions.

I shall see to it that our Director of Personnel takes all appropriate steps to inform the 55,000 employees of the State of Ohio of the advantages of this program, and we shall attempt to give this effort the widest possible publicity.

May I take this opportunity to wish you and your family a wonderful holiday season and a marvelous New Year. With warmest personal regards,

Sincerely,

JOHN J. GILLIGAN.

EXECUTIVE CHAMBERS,
Honolulu, Hawaii, January 21, 1974.
Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: This letter is to let you know, in connection with your letter of December 14 to Governor Burns, that our State of Hawaii government will be including a notice with each 1973 W-2 form, urging the recipients to consider the dollar check-off on their income tax returns to help finance the presidential campaigns of all parties in 1976. Because of the degree of centralization of our State's payroll system, we can assure that the notice will accompany each W-2 form, of which over 56,000 are being issued for 1973.

Governor Burns joins me in expressing our appreciation for your encouragement in support of the campaign financing law. With such support, I am sure that you and your colleagues have advanced significantly the potential for success of this worthwhile effort.

With warm personal regards, I remain

GEORGE R. ARIYOSHI,
Acting Governor.

STATE OF NORTH DAKOTA,
EXECUTIVE OFFICE,
Bismarck, N. Dak., January 3, 1974.
Hon. HUBERT H. HUMPHREY,
U.S. Senator,
Washington, D.C.

DEAR SENATOR HUMPHREY: Thank you for your letter of December 14, 1973, urging my support of the public financing law. I appreciate your bringing this matter to my attention, especially at this time when W-2 forms will be soon delivered to each state employee.

I believe the unfortunate circumstances of the past two years have proven that an alternative to the dependence of presidential election campaigns on large private contributions is absolutely essential.

I will use your suggested forms or variations thereof to bring this matter to the attention of all state employees.

Sincerely yours,

ARTHUR A. LINK, *Governor.*

[From the Laborer, February 1974]

EXCERPTS FROM THE LABOR PRESS

There is a way to help reduce the influence of the big money in politics; replace it with an honestly-administered "citizens fund" for presidential campaigns, at least.

And that way is by using a little line on the front of your federal income tax form. The line simply enables you to authorize that $1 be deducted from the tax you owe and be put into a presidential campaign fund for 1976. You can direct the $1 into a fund for a specific party's candidate or into a general fund to help major party candidates equally and other candidates on a sliding scale basis.

Remember, it won't cost you a penny. The check-off is for $1 out of tax money you're already assessed.

If enough citizens use the check-off, there'll be no need in 1976 for presidential candidates to resort to arm-twisting, finagling, or begging from big-money interests.

[From UTU News, Jan. 19, 1974]

CLEAN UP POLITICS WITH TAX BUCKS

Money in politics—it has become a national disgrace. Months of revelations about huge sums virtually extorted from big corporations . . . stories about bagmen carrying briefcases loaded with $100 bills . . . other stories about "laundered" funds coming through foreign banks to President Nixon's campaign committee—all this and other muck dredged up by the Senate Watergate committee and other investigators shows as never before the corrupting influence of big money in politics.

The best way out of it is to ban absolutely any private contributions to political candidates and to have the Federal Government finance federal campaigns.

But that may be a long way off, and the need is now.

There is a way to help drive dirty money out and replace it with an honestly administered "citizens fund" for presidential campaigns at least.

And that way is by using a little line on the front of your Federal income tax form. The line simply enables you to authorize that $1 be deducted from the tax you owe and be put into a presidential campaign fund for 1976 to be shared equally by major party candidates and on a sliding scale basis by legitimate minor party candidates.

Remember, it won't cost you a penny. The check-off is for $1 out of tax money you're already assessed.

If enough citizens use the check-off, there'll be no need in 1976 for presidential candidates to resort to arm-twisting, finagling, or begging from big-money interests . . . and there will be no sickening money scandals emerging from the 1976 election.

[From the Machinist, Jan. 24, 1974]

TO HELP CLEAN UP PRESIDENTIAL POLITICS

Two boxes on your Federal income tax Form 1040 give you the chance to help end the corrupting influence of huge corporate contributors in Presidential election campaigns.

Check the top box. This tells the Government to take $1 ($2 in the case of a couple filing jointly) from the tax you have paid and put it in a 1976 Presidential Campaign Fund. It doesn't cost you a cent nor does it tie you to any political party.

All money designated for the years 1972–75 will be divided, with major parties receiving equal shares, minor ones lesser shares on a sliding scale.

This can raise a big campaign fund when you consider that this year alone the Internal Revenue Service estimates 81 million individual income tax returns will be filed. Such a fund would eliminate the need for political parties and candidates to tap huge corporations for contributions. The lower box permits you to do the same thing for last year if you didn't do it then.

DECEMBER 7, 1973.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: Public financing is one method that many feel can eliminate the dependence of presidential candidates on large private contributions to finance campaigns.

Many of us feel this is, indeed, the best answer to the campaign financing problem. However, the only law presently on the books providing for any form of public financing is the Presidential Election Campaign Fund Act, calling for the "dollar check-off" question box to be placed on individual income tax forms.

If utilized by the taxpayer, there is no doubt that a substantial fund can be raised to finance presidential campaigns of all parties.

The Internal Revenue Service has advised that it is appropriate and proper to publicize the check-off by allowing employers to include with 1973 W-2 forms they mail to employees a public service notice calling attention to the check-off system.

Since the federal government is one of the largest employers in the nation, it would seem appropriate for it to take the lead in making the taxpayer aware of the public financing opportunity.

We know you are interested in solutions to the financing problem. Therefore, we are appealing to you to order federal departments to participate in a program to have public service announcements inserted into W-2 form packets distributed to federal employees.

We realize that time is short, but we understand that with prompt action notices can be included with the W-2 forms for 1973.

Respectfully,

Hubert H. Humphrey, Clifford P. Case, Joseph R. Biden, Edward M. Kennedy, Edward W. Brooke, William Proxmire, Charles McC. Mathias, Jr., Dick Clark, Adlai E. Stevenson III, Harrison A. Williams, Walter F. Mondale, Richard S. Schweiker, James Abourezk, Robert T. Stafford, Alan Cranston, William D. Hathaway, Jacob K. Javits, Philip A. Hart.

THE WHITE HOUSE,
Washington, D.C., January 30, 1974.
Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: Further reference is made to the December 7 letter to the President from you and several of your colleagues urging that a notice be enclosed with W-2 forms to call Federal employees' attention to the dollar check off question box for campaign contributions which appears on income tax forms.

I have been informed by the Treasury Department that the suggestion was received too late to implement in the manner proposed. As an alternative, however, the Treasury has prepared such a notice and will, in the next few days, request each Federal agency to convey the message to its employees.

As you are aware, the Internal Revenue Service also has made plans to publicize extensively the taxpayer's right to make campaign fund designations.

With kindest personal regards,

Sincerely,

TOM C. KOROLOGOS,
Deputy Assistant to the President.

To: All employees.

Subject: Presidential Election Campaign Fund.

I want to remind all employees that we have an opportunity to provide for public financing of future presidential election campaigns, on a completely voluntary basis.

Your individual income tax return makes provision for designating that $1 of your taxes will be paid into the Presidential Election Campaign Fund. In the case of joint returns, either spouse may designate $1, or both spouses may designate $1 each for a total of $2. A designation of this kind does not increase your tax or reduce your refund. It is merely an allocation of $1 or $2 of the taxes you pay.

The money in the Presidential Election Campaign Fund will be used to pay the qualified campaign expenses of eligible candidates for the office of President or Vice President. It will be available to candidates of major, minor, and new political parties. If there is enough money in the fund, eligible candidates of all political parties will receive their full entitlement. If not, all candidates will receive their pro rata share.

While each of us has to decide if we want to designate funds for this purpose, we should keep in mind that this method of financing presidential election campaigns is completely non-partisan and could relieve the political parties of their dependence on large private contributions.

COMMON CAUSE,
Washington, D.C., February 14, 1974.

DEAR SENATOR: As you know, Congress in 1971 passed a law establishing a $1 income tax check-off system to finance a nonpartisan Presidential Election Campaign Fund beginning with the 1976 election. This is an important step toward removing the excessive influence of big money contributors in Presidential election campaigns. In 1972 few taxpayers availed themselves of the opportunity, apparently because of Internal Revenue Service procedures which made it difficult for the taxpayer to know of the opportunity. The procedures have now been simplified and are explained in the attached fact sheet.

In order to ensure that the program is a success this year, Common Cause is working to publicize the check-off as widely as possible during the period when most citizens are preparing their income tax forms. You could help us in this effort by including information about the tax check-off in your newsletter or other mailings to your constituents. Attached for your possible use is a description of the check-off process, a poster, an explanatory illustration suitable for reproduction, and a fact sheet prepared by the Internal Revenue Service.

If we can be of any assistance, please feel free to call us.

Sincerely,

JOHN GARDNER.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, D.C., November 30, 1974.

Hon. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: This is in reply to your previously acknowledged letter of November 13 asking to see the texts of advertising spot announcements or printed materials on the dollar check-off which the IRS plans to distribute or make available for distribution.

Our program to remind taxpayers of the check-off includes:

1. Public service television announcement, in color, to be distributed to networks and stations throughout the United States,

2. "Drop-in" ads in four sizes for distribution to 700 major national publications and to IRS public information field officers for local media. Drop-in ads are designed to fit into the standard advertising spaces of publications, which print the ads as a public service when they have space available.

3. Poster, 11" x 14", to be placed on walls and counters in IRS offices,

4. News item for Congressional newsletters,

5. News release from Washington for daily newspapers,

6. Two news releases for local daily newspapers to be distributed by IRS field offices,

7. Two news releases for weekly newspapers to be distributed by IRS field offices,

8. Two radio spot announcements to be distributed to networks and stations throughout the United States.

Items 1, 2, and 3 are in final form, and text or facsimiles are enclosed. The balance of the items are being prepared and we will send you copies when they are completed.

The front covers of the 1973 tax form packages for both the 1040 and 1040A contain a prominent reference to the check-off. Boldface type in red ink draws attention to the check-off on the package covers and on the forms themselves. Those who did not indicate a check-off on their 1972 returns will be able to do so right above the block for their signatures. We are enclosing copies of these forms for your information.

Taxpayers who file their 1973 tax returns without making a designation for 1973 will have another opportunity to check off. They will be able to do so by amending their return with Form 1040X, "Amended U.S. Individual Income Tax Return." Form 1040X will also permit a designation for 1972 by those who did not make a check-off for that year.

Form 5185, "Presidential Election Campaign Fund Designation," will be included in all computer-generated notices sent to taxpayers and will enable them to check off if they haven't already done so on their returns. Taxpayers receive those notices whenever they make a mathematical error on their return, are billed for taxes due, or receive a refund larger or smaller than they claimed. An estimated 11 million notices will be mailed concerning 1973 returns.

Forms 5185 and 1040X are at the printers. Copies will be mailed to you when they are available.

Last year, 3.1 percent of all returns included 1976 Presidential Election Campaign Fund designations. We would expect that changes in the law, method of checking off, the residual effect of earlier IRS publicity efforts, and our current efforts to acquaint the public with the check-off will result in a significantly greater participation by taxpayers in the coming months.

Please let us know if we can be of further service.

With kind regards,

Sincerely,

DONALD C. ALEXANDER.

A TAXPAYER'S REPLY TO POLITICAL CORRUPTION

In the second month of the campaign year 1974, the nation continues to agonize over political corruption and scandals in which secrecy and cold cash played devastating roles. At the same time, Congress continues to wrestle with campaign finance reform legislation, including important proposals for public financing of political campaigns. Yet right now—without waiting for the denouncement of these developments—every taxpaying citizen has an effortless way to help solve at least part of the problem—with respect to the presidency a means to make public campaign financing an attractive alternative to big private money in the presidential election of 1976 is already in the law. And the opportunity to make it work is easily available to everyone who is filing a federal income tax return.

We refer to the "dollar checkoff" option on your tax return form, whereby you may instruct the Treasury to allocate $1 of your 1973 income tax ($2 on a joint return) to a nonpartisan public campaign fund for the presidential election of 1976. What's more, if you didn't check this provision last year (for your 1972 return), there's another space on the current form to earmark an additional dollar or two to catch up. The checkoff doesn't involve any extra charge on your tax bill; it is only an instruction from the taxpayer to use these amounts of his or her payments for a public campaign fund, established to offer an alternative to private financing of presidential campaigns in 1976.

The provision has been changed—for the better in our view—since last year. There are no longer three specific checkoff boxes, for the Democratic and Republican parties or a nopartisan fund. All money checked off is to be deposited in a single fund—to be allocated to presidential candidates who meet certain conditions. The idea is to break the link between big money and big politics, by offering the next presidential candidates a choice: a major candidate deciding to use money from the public pot wouldn't be permitted to raise money from any other source.

Subject to any refinement that Congress may still enact, the system works this way: Public money accumulated in the fund by 1976 will be administered by the Comptroller General and will require congressional appropriation before it may be allocated. Candidates of parties that received more than 25 per cent each of the vote in the last presidential election—that means only the Democratic and Republican candidates in 1976—will be entitled to 15 cents times the certified voting age population as of June 1, 1975. (The figure as of July 1, 1972 was 139.2 million, which would have meant slightly less than $21 million under this formula.)

A candidate nominated by a minority party whose candidate in the preceding election received more than 5 per cent but less than 25 per cent of the popular vote would be entitled to a proportionate share of the amount determined for each major party candidate. Also each candidate nominated by a new party would be entitled to public funds if he or she receives 5 per cent or more of the popular vote in the current election. These funds would not be available until after the election, however, in amounts calculated under a set of formulas.

Last year, the "dollar checkoff" had a rocky debut since the option wasn't included in the regular taxpayers' income tax forms—it was on a separate sheet. Only 4 per cent of the taxpayers checked the option. This year, you'll find the checkoff box right on Page One, Line 8, and the 1972 box (for those who didn't mark this option a year ago) is just above the signature line on the same page. Of the returns filed in the first month of 1974, about 13 per cent included the checkoff order. The bulk of the returns, however, have yet to be filed.

We believe that the checkoff deserves strong public support if it is to cut down the influence of big money on presidential campaigns—to help diminish the illegalities and improprieties which distinguished the 1972 election in general, and the campaign to re-elect President Nixon in particular. The checkoff plan can have a healthy effect on politics if enough taxpayers decide to make it work by seeing to it that their returns are duly marked.

THE SENATE AND EDUCATION LEGISLATION

Mr. MANSFIELD. Mr. President, as part of the congressional program for this session of the 93d Congress, education has been accorded the highest priority status. Restoring in this Nation the emphasis given education back in the 1960's is believed a meritorious and compelling objective and, no Member of the Senate would urge otherwise. It is against such a backdrop that I view with some alarm the attack yesterday by some officials of the administration against these efforts. Does it mean that the policies of administration neglect and impoundment are to continue? Does it mean that we in the Senate and the education community including the youngsters—the beneficiaries—are to confront still further delay and resistance?

Those are questions which the administration might well ask itself rather than to find fault with what we in the Senate and the Congress have done or have attempted to do.

For its part, the Senate has moved most efficiently on this issue and will continue to do so. The omnibus education bill was ordered reported by the education committee last December 19. It is now pending before the full committee on labor and public welfare. It is anticipated that the measure can be reported to the floor for full Senate consideration and disposition well in advance of the Easter recess.

At this stage it is my understanding that the proposal contains a number of significant and effective features designed to improve substantially the quality of education in this Nation—features that would include pogram consolidation, major reform, and adequate resources.

It would indeed be helpful if the Senate obtained the full cooperation of the administration in this effort. What is at stake is providing the best possible education for all the youngsters of this Nation. This is the aim; not a partisan attack or an attempt to generate a split between the Senate and the House The Senate will press forward on the issue of education. It will do so, hopefully with administration cooperation.

Time will tell.

Mr. President, I yield back the remainder of my time.

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 made therein limited to 5 minutes.

THE PROSPECTIVE WHEAT SHORTAGE

Mr. HUDDLESTON. Mr. President, on February 4, the Agriculture Subcommittee on Production, Marketing and Stabilization of Prices, of which I am chairman, conducted a hearing on the wheat and feed grain situation during the remaining months of the current marketing year.

By the Department of Agriculture's own estimates the wheat situation is going to be tight in the upcoming months. The Department is now projecting that as of June 30, the end of the marketing year, wheat supplies will be at 178 million bushels—a 27-year low.

There are, however, several problems in the estimate. The first is that this is simply that—an estimate—and it could be wrong. The second is that it discounts certain exports which are currently booked for shipment to unidentified destinations, because the Department does not believe these will actually be shipped, but that they will instead reenter the U.S. market. Some grain dealers are not, however, so certain that that will happen. And, the Department is running something of a record on mistaken estimates as far as exports are concerned. Furthermore, the wheat which does remain is stored in widely scattered areas which makes transportation a problem.

Even if its estimates are incorrect, however, the Department has been saying that "things will be OK" because the new winter wheat crop will be ready for harvesting in mid-May, beginning in Texas and Oklahoma. As Morton I. Sosland, editor of Milling and Baking News, noted in an article in last Sunday's New York Times, however, having such wheat available at an early date depends upon good harvesting conditions in an area where weather has traditionally been erratic and there is the problem of getting wheat to the miller and then to the baker. According to Mr. Sosland:

> Mills in the Upper Midwest and North Atlantic States do not have wheat from the new crop available until August or September at the earliest. Thus, the stocks these areas hold on July 1 have to last for a month or longer.

Mr. President, both at the time of the hearings and in a letter to Secretary of Agriculture Butz, I have indicated my strong belief that the Department must take some moderate actions now, so that it does not have to take drastic action later on.

I, among many others, certainly have no desire to see export controls, but unless the Department closely monitors the situation, unless it works closely with the exporters, unless it assumes some real responsibility for overseeing developments, we are likely to reach a point where there will be unreasonably high bakery prices, dislocations in supplies and the need for strict controls.

Good solid farm prices are essential. But, the prices of the moment mainly benefit a few farmers and speculators. Large numbers of farmers have already sold their grains, and high grain costs are a burden to those farmers who must buy feed for their herds, hogs, and poultry.

Thus, the next few months are of critical importance. The Department of Agriculture does have a responsibility to oversee this period and it should assume it.

Mr. President, I ask unanimous consent that the article by Mr. Sosland be printed in the RECORD.

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

[From the New York Times, 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 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 jointed 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 Governmental 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.

This, 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 governmental 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.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 11 a.m. tomorrow.

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

ORDER FOR RECOGNITION OF SENATORS GRIFFIN AND ROBERT C. BYRD PRECEDING THE TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on tomorrow, after the two leaders or their designees have been recognized under the standing order, the distinguished assistant Republican leader and the junior Senator from West Virginia each be recognized for not to exceed 15 minutes, and in that order, at the conclusion of which there be a period for the transaction of routine morning business of not to exceed 30 minutes, with statements therein limited to 5 minutes.

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

Is there further morning business?

PAY RAISES FOR MEMBERS OF CONGRESS

Mr. GOLDWATER. Mr. President, I should like to commend and express my appreciation to the members of the Senate Post Office Committee for the action it took against pay raises for Members of Congress. I think the whole concept of automatic pay raises for Members of Congress is wrong; in fact, I think automatic pay raises across the board is one of the things that is wrong with industry today. Pay raises should be earned, not given because of tenure, cost of living, and so forth.

Of course, there are extenuating circumstances when, by the very actions of this Congress, we increase inflation, and if we want to correct the mistakes we have made that have harmed others, then the pay raise becomes a necessity. I am opposed to the concept that we must institute proceedings in the committee or on the floor to prevent these raises. I would much rather have a pay raise suggested by a committee and then vote it either up or down on the floor. I will oppose a pay raise for Congress this year, not necessarily because I am a candidate for reelection, but because I do not believe it is the proper time. We are in a fast-paced rate of inflation now and anything we do to increase it would be setting a dangerous precedent. A look at the pay structure of the civil servants, including the Members of the Congress, should convince any of us that what I have said is true. I know Washington is not the cheapest place in which to live, but that is no reason why we should automatically have our pay raised every year.

I will vote against the pay raise. In fact, I will not vote for one until I am convinced the country can afford it and that the Congress, by reducing the ridiculous rate of Federal expenditures, has in some way earned a raise.

In this connection, I ask unanimous consent that a very well thought out column by Mike Causey appearing in the February 27 issue of the Washington Post be printed in the RECORD at this point in my remarks.

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

MERITS OF PAY RAISE ARE IGNORED

(By Mike Causey)

The legislative rain dance over a "congressional" pay raise is embarrassing, stupid and has almost nothing to do with the merits—or demerits—of the case.

Because of the bad political timing of Mr. Nixon's belated pay proposals our elected officials, saints and snakes, liberals and conservatives, family men, churchgoers, statesmen and hacks alike have all had to act like eleven-year-old boys sneaking a smoke in the washroom.

House members who are champions of a more honest and open government last week skulked away from a Post Office-Civil Service Committee meeting so they would not be forced to cast an honest and open vote on a politically loaded question which is, what are they worth?

Yesterday, the counterpart Senate committee voted 6–3 to exclude any members of Congress from raises for the next two years, although most congressmen want it and are already planning ways to get it come next January.

Most of the public ire and press attention over the administration-backed pay raises has been directed at the 535 members of Congress who would receive a 7.5 per cent raise next month, their first in five years. They would get another 7.5 per cent next year, and a final 7.5 per cent in 1976. The cost would equal the money "lost" to the taxpayers when the government shut down here because of a 2-inch snowfall.

Waiting in the wings, while Congress decides what it should do about a $2,200 per member raise (from the current $42,500) are 842 federal judges and court officials, 600 political appointees and 10,000 top career executives, A medical personnel and Foreign Service officers.

The political appointees and judges are held down because of the congressional pay ceiling, and career federal civil servants in turn are held down by the political salary lid.

The complicated federal-executive salary system is based on a law that says the President, Chief Justice and leaders of Congress should appoint an outside panel every four years to study pay. That panel is supposed to report to the President, who in turn is supposed to pass along his recommendations as part of the next federal budget.

To avoid exactly what has happened this week, the law was set up so that the pay recommendations are made in nonelection years. President Nixon threw that out of whack when he did not appoint his panel members in time, so that the recommendations could have been made in early 1973.

The action of the Senate Committee yesterday, if upheld by the full Senate, would be to deny—in theory—raises this year, next and in 1976 to congressmen while nonelected political officials get them. The Senate is more likely to kill the pay proposals for everybody, which will mean added pay "com-

pression" problems for career federal workers.

Rank-and-file federal pay has gone up from 25 to 31 per cent (depending on whose statistics are at hand) in the past five years. Once officials reach the $36,000 level, however, they are "frozen" because that is the present maximum. Currently there are 10,000 civil servants at that level, although they hold a wide variety of jobs and responsibility.

The General Accounting Office has warned that the lack of pay raises and differentials at the top of the civil service will cause the best officials to retire and has already caused top talents to refuse promotions because the added responsibility doesn't carry any added money.

Many members of Congress still remember the public beating they took in March, 1969, when they permitted themselves a 41 per cent pay raise. It has been five years since Congress had dared ask the taxpayers for more money, and ten years before that. If Congress keeps putting off a pay raise until it feels the political climate is safe, we may be in for another 41 per cent whopper.

There is an outside chance that the Senate might reverse its Post Office-Civil Service Committee this week, and vote that everybody get a 7.5 per cent raise effective next month. More likely, it will kill the pay raise proposals for itself, for judges and political and career appointees.

If that happens, you can bet there will be a pay raise proposal in 1975 that will make the present three-step 22 per cent raise seem downright modest.

Meantime, more career workers will be bunching in at the same pay levels, more good lawyers will refuse federal judgships, and more hard-pressed, nonmillionaire elected officials will dip into their stationery funds and other back-door accounts to help make ends meet.

Airport Policemen: Civil Service Commission has granted Federal Aviation authority to raise starting salaries of policemen who work at Dulles International and Washington National airports. New rate for Grade 4 officers will be $9,118; Grade 5, $9,931 and Grade 7, $10,301. FAA will also be able to pay travel and moving expenses for new officers moved to duty at those two federal airports.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. SPARKMAN. Let me say I enjoyed the Senator's remarks, and certainly concur with him with reference to congressional pay. But I gather, from all that I read and hear, that the rest of the pay scale will be going through.

I do not know that this is true, but someone told me that under the increase, our employees will be getting an increase, and that our administrative assistants will be getting almost as much as we get, and that the so-called high level executive employees will get their increase, and the judges will get their increase.

I am somewhat puzzled by this arrangement. It seems to me that probably we ought to forgo all of these increases at this time. I would like to have the Senator's comment on that.

Mr. GOLDWATER. I would agree with the Senator. I think this is a bad time for the Federal Government to be raising wages across the board.

I am not able to say that there are not circumstances in the Federal pay structure that are working a hardship, and that these should be taken care of. This is one of my basic objections to across-the-board increases. I know it is difficult to differentiate between the pay of Senators, and to say that this one has not earned it or that one has earned it, and that we would pretty much have to be on the same level. Neither do I think that the pay of a Senator is necessarily high, when I think of the fact that we are called upon to judge on the merits, this year, of expenditures of some $305 billion, and we are paid $42,500 a year, whereas corporation officers who only have to judge on the merits of expenditures, say, of a half million dollars are paid twice what we are paid; but again, I do not think we can use the argument of commonality in determining either our pay or the pay of administrative assistants and our staffs.

Frankly, I think it would be wise to forego all pay increases, because when we give them here, it is only inevitable that the working man has to have a pay increase, because the cost of living goes up. The Federal pay structure is now probably the largest in the whole country by far. It would be different if we were raising the pay of the employees of a small company or a small corporation. But when we raise the pay of 535 Members of Congress, plus judges, plus the hundreds of thousands or, in fact, millions of people who come under Civil Service, I am afraid the effect on inflation is going to be high. If we could only restrain the increases at the congressional membership level. I would be content with that. We in Congress should set the example, even though it will be tough to live with, and do the best we can.

Mr SPARKMAN. As I understand it, we will probably have a committee bill before us that will omit the congressional pay but allow all the rest to go into effect. It seems to me that a Senator is pushed into a pretty hard corner in voting on a bill like that, because if he votes "no," it will be construed that he is in favor of his pay being increased but would be opposing all the other increases across the board. I would feel a whole lot more comfortable if we would forgo all of them.

Mr. GOLDWATER. I might say that I think we made a big mistake in Congress when we adopted the automatic pay increase. The only way to stop it is with a resolution introduced by a Member of either body, then voted on by the committee, and then voted on on the floor. I would much rather return to the old way where, if we felt that a pay increase was necessary for any branch of the civil service—and we are a member of that—some Member would introduce a bill or a resolution calling for the pay increase and then we could debate it on the floor. The way this is, it is an automatic 7.5-percent increase without any chance of discussing its merits or its demerits.

Frankly, if we had to vote it that way on the floor, I would vote the same way; that is, I have not voted for a pay increase, to my knowledge, since I came to the Senate, not that I do not think we need it, because I have never lived in this town when I have been able to break even. Maybe I have lived high on the hog, but I do not believe anyone in this body has made any money.

Mr. HUDDLESTON. Mr. President, let me say to the distinguished Senator from Arizona that I certainly defer to his long experience in this body and to his great judgment. But I am curious to know, because nearly everyone makes statements similar to the one the Senator just made, that a pay increase is not unreasonable and possibly could be considered on its merits but that this is not the time.

For the benefit of a freshman Senator, and perhaps for the entire Nation, I believe it would be enlightening to have some indication from the distinguished Senator from Arizona as to what his feeling would be as to what conditions would exist in this country that would constitute the right time.

Mr. GOLDWATER. I would say at a time when we were able to stem the tide of Federal spending. Tomorrow, I am going to speak out against President Nixon's budget. I once called the Eisenhower budget a "dime store New Deal," but by comparison with this budget I did not know what we were in for.

This country cannot afford a $305 billion budget. If we keep up these pay increases until 1980, it will take the total assets of America to pay the tax load.

When we show some inclination in this body to say to any President—I do not care who he is—that he is asking for too much money and we are able to chop it down—I do not think we can ever balance the budget, but, by George, we do not have to go in the hole at the rate we are now—then, I would say, if we adopted a pay raise for ourselves and for our civil servants all across the country, it would not have an inflationary effect. But this year it would be very dangerous.

Mr. HUDDLESTON. Then the Senator would suggest that when the wages of the average worker are going down, that would be the proper time for Congress to increase its salary?

Mr. GOLDWATER. No; I do not think those wages will go down. If the Senator wants to get diagnostic about it, he will discover that the average worker today, even though he takes home more money, does not have as much as he had 5 years ago. I think we are pretty much in that fix.

When I came to the Senate, the salary of a Senator was $18,000 a year, or $18,200 I believe. Now it is more than double that and none of us are having any easier time making ends meet. We are in no different a fix than the man living under a negotiated wage increase whereby he is making not so much, maybe, as he was making 5 years ago. We are partly guilty—and now the executive branch has to assume as much of that responsibility as we, as they have tried to heap on us, for the Federal causes of inflation.

My suggestion is that we begin to act responsibly toward the end of reducing inflation, and that wherever we can save a dime in the Federal budget, let us save it. When we have done that, then we can talk about pay increases.

Mr. HUDDLESTON. I am in favor of

that, too, but I was just wondering how we might ever know when the conditions would exist that would make it appropriate. I do not know whether that time will ever occur.

Mr. GOLDWATER. I hope that I am around when that happens, but the way things are going now, I have my doubts.

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT ON RECEIPTS AND EXPENDITURES OF THE SENATE (S. Doc. No. 93–58)

A letter from the Secretary of the Senate, transmitting, pursuant to law, a statement of the receipts and expenditures of the Senate, from July 1, 1973 through December 31, 1973 (with an accompanying report). Ordered to lie on the table and to be printed.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

S. 3066. An original bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes (Rept. No. 93–693).

Mr. SPARKMAN. Mr. President, I report favorably from the Committee on Banking, Housing and Urban Affairs, a committee bill (S. 3066) to consolidate, simplify and improve laws relating to housing and housing assistance, to provide Federal assistance to local governments in support of community development activities, and for other purposes.

I ask unanimous consent that the report, together with supplemental and additional views, may be filed as late as midnight tonight.

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

Mr. SPARKMAN. Mr. President, I would like to say that this is a comprehensive housing bill, as the occupant of the Chair, the Senator from Maine (Mr. HATHAWAY) well knows. It is a voluminous bill. It is 349 pages long. I am not asking to have printed in the RECORD a section-by-section analysis since the report contains such an analysis.

By Mr. EASTLAND, from the Committee on the Judiciary, with an amendment:

S. 581. A bill for the relief of Ludwik Kikla (Rept. No. 93–694); and

S. 1346. A bill for the relief of Leticia (Escobar) Richardson (Rept. No. 93–695).

By Mr. EASTLAND, from the Committee on the Judiciary, with amendments:

S. 2337. A bill for the relief of Dulce Pilar Castin (Rept. No. 93–696); and

H.R. 7363. An act for the relief of Rito E. Judilla (Rept. No. 93–697).

AMENDMENT OF URBAN MASS TRANPORTATION ACT OF 1964—CONFERENCE REPORT—REPORT OF A COMMITTEE

Mr. WILLIAMS, from the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 386) to amend the Urban Mass Transportation Act of 1964 to authorize certain grants to assure adequate commuter service in urban areas, and for other purposes, submitted a report thereon.

EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. EASTLAND, from the Committee on the Judiciary:

Duane K. Craske, of Guam, to be U.S. attorney for the district of Guam;

Wayman G. Sherrer, of Alabama, to be U.S. attorney for the northern district of Alabama;

Thomas F. Turley, Jr., of Tennessee, to be U.S. attorney from the western district of Tennessee;

J. Keith Gary, of Texas, to be U.S. marshall for the eastern district of Texas;

Lee R. Owen, of Arkansas, to be U.S. marshall for the western district of Arkansas;

John W. Spurrier, of Maryland, to be U.S. marshal for the district of Maryland;

William M. Johnson, of Georgia, to be U.S. marshall for the southern district of Georgia; and

Laurence H. Silberman, of Maryland, to be Deputy Attorney General.

(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.)

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. SPARKMAN:

S. 3066. An original bill to consolidate, simplify, and improve laws relative to housing and housing assistance, to provide Federal assistance in support of community development activities, and for other purposes. Placed on the calendar.

By Mr. TALMADGE (for himself, Mr. HARTKE, Mr. HANSEN, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. MCCLURE):

S. 3067. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. CURTIS (for himself, Mr. BARTLETT, Mr. BENNETT, Mr. BROCK, Mr. GOLDWATER, Mr. HELMS, Mr. HUGH SCOTT, Mr. TOWER, and Mr. YOUNG):

S. 3068. A bill to amend Section 103 of the Internal Revenue Code of 1954. Referred to the Committee on Finance.

By Mr. RIBICOFF (for himself, Mr. MONDALE, Mr. KENNEDY, Mr. MCGOVERN, Mr. ROTH, Mr. JAVITS, Mr. HUGH SCOTT, and Mr. CRANSTON):

S. 3069. A bill to extend through December 1974 the period during which benefits under the supplemental security income program on the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973 but not for any month before July 1973. Referred to the Committee on Finance.

By Mr. TOWER:

S. 3070. A bill to amend the National Labor Relations Act to achieve its aims and objectives; and

S. 3071. A bill to amend the National Labor Relations Act to prohibit secondary picketing. Referred to the Committee on Labor and Public Welfare.

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. MCCLURE):

S. 3072. A bill to amend title 38, United States Code, to liberalize the provisions relating to payment of dependency and indemnity compensation, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. MOSS (for himself, Mr. HUMPHREY, Mr. BURDICK, Mr. YOUNG, and Mr. BAYH):

S. 3073. A bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants. Referred to the Committee on Labor and Public Welfare.

By Mr. CLARK:

S. 3074. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems. Referred to the Committee on Labor and Public Welfare.

By Mr. EASTLAND (for himself, Mr. STENNIS, Mr. FULBRIGHT, and Mr. MCCLELLAN):

S. 3075. A bill to amend the Agricultural Adjustment Act of 1938. Referred to the Committee on Agriculture and Forestry.

By Mr. EASTLAND (by request):

S.J. Res. 192. A joint resolution to grant the status of permanent residence to Ivy May Glockner formerly Ivy May Richmond nee Pond. Referred to the Committee on the Judiciary.

By Mr. GURNEY:

S. 3076. A bill to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and training assistance allowances paid to veterans and other persons, and for other purposes;

S. 3077. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; and

S. 3078. A bill to amend chapter 37 of title 38, United States Code, to increase the maximum limitations on loans made or guaranteed under such chapter for the purchase of homes, and for other purposes. Referred to the Committee on Veterans' Affairs.

By Mr. RANDOLPH:

S.J. Res. 193. A joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week." Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. TALMADGE (for himself, Mr. HARTKE, Mr. HANSEN, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. MCCLURE):

S. 3067. A bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes. Referred to the Committee on Veterans' Affairs.

VETERANS' DISABILITY COMPENSATION ACT OF 1974

Mr. TALMADGE. Mr. President, today I introduce for myself, for the chairman of the full Committee on Veterans' Affairs, Mr. HARTKE, and for all other members of the committee S. 3067, the Veterans' Disability Compensation Act of 1974. This bill would increase the rates of compensation for veterans who have been disabled in or due to their service.

Our Nation owes no greater debt than that owed men and women who were disabled in the service of their country. This bill represents a partial payment of that debt.

As chairman of the Subcommittee on Compensation and Pensions, I have scheduled hearings on this bill for March 13, 2 weeks from today. At that time, the subcommittee will also consider the proposed Survivors' Dependency and Indemnity Compensation Act of 1974 introduced today by the chairman of the Veterans' Affairs Committee, Mr. HARTKE, and cosponsored by myself and the other members of the committee. It is my hope and intention that the hearings on these two bills as well as other legislation pending before the subcommittee which I chair can be completed quickly so that the full committee and, thereafter, the full Senate can consider these measures at the earliest possible time. If we act expeditiously, enacted rate increases could be effective May 1 of this year.

The bill which I introduce today provides for a 15-percent increase in the basic disability compensation rates. Dependency allowances payable to veterans with service-connected disabilities rated 50 percent or more would also be increased by 15 percent. There are currently 2.2 million veterans receiving disability payments to compensate for the loss or reduction of earning capacities resulting from their service-connected injuries. In recent years the rolls of American disabled veterans have been swelled by the addition of 364,500 Vietnam-era wounded veterans.

Mr. President, I ask unanimous consent that the following table showing disabled veterans by period of service be inserted in the RECORD at this point.

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

TABLE 1.—AVERAGE NUMBER OF VETERAN COMPENSATION CASES AND COSTS

	1973 actual	1974 estimate	1975 estimate	Increase (+) decrease (−)
Spanish American War	16	12	10	−2
Mexican border period	12	12	10	−2
World War I	67,815	62,500	58,100	−4,400
World War II	1,360,232	1,340,000	1,320,000	−20,000
Korean conflict	240,488	241,000	241,500	+500
Vietnam era	333,192	364,500	384,500	+20,000
Peacetime service	190,668	192,000	193,000	+1,000
Total	2,192,423	2,200,024	2,197,120	−2,904

Mr. TALMADGE. Mr. President, unfortunately, each of these disabled veterans has in the past year once again become a casualty. This time the casualty has been produced not by a bullet or shrapnel but by increases in the cost of living which have deprived many disabled veterans living on fixed incomes. Since Congress provided for a 10-percent increase in compensation rates in Public Law 92–328, effective July 1, 1972, the Consumer Price Index has reflected a cost-of-living increase of 11.3 percent, as of January 31. The following table illustrates the rapid and continuing increase in the Consumer Price Index:

TABLE 2.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS—CONSUMER PRICE INDEX

[1967=100]

	1972	1973	1974
January	123.2	127.7	139.7
February	123.8	128.6	
March	124.0	129.8	
April	124.3	130.7	
May	124.7	131.5	
June	125.0	132.4	
July	125.5	132.7	
August	125.7	135.1	
September	126.2	135.5	
October	126.6	136.6	
November	126.9	137.6	
December	127.3	138.5	

Mr. President, the bill which I introduced today closely resembles suggestions made by the Disabled American Veterans who will appear and present their 1974 legislative program before the full Committee on Veterans' Affairs today. The Veterans' Disability Compensation Act of 1974 would attempt to restore lost purchasing power by increasing the rates by 15 percent. The following table indicates current law and the proposed increases in compensation payments if the Veterans' Disability Compensation Act of 1974 is enacted:

TABLE 3.—COMPARISON OF COMPENSATION RATES UNDER PRESENT LAW AND UNDER S. 3067

Disability	Present law	S. 3067
(a) Rated at 10 percent	$28	$32
(b) Rated at 20 percent	51	59
(c) Rated at 30 percent	77	89
(d) Rated at 40 percent	106	122
(e) Rated at 50 percent	149	171
(f) Rated at 60 percent	179	206
(g) Rated at 70 percent	212	244
(h) Rated at 80 percent	245	282
(i) Rated at 90 percent	275	316
(j) Rated at total	495	569
Limit for veterans receiving payments under (a) to (j) above		
(l) Anatomical loss or loss of use of both hands, both feet, 1 foot and 1 hand, blindness in both eyes (5/200 visual acuity or less), permanently bedridden or so helpless as to require regular aid and attendance	616	708
(m) Anatomical loss of use of 2 extremities so as to prevent natural elbow or knee action with prosthesis in place, blind in both eyes, rendering veteran so helpless as to require regular aid and attendance	678	780
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthesis, anatomical loss of both eyes	770	886
Limit for veterans receiving payments under (l) to (n) above		
(o) Disability under conditions entitling veteran to 2 or more of the rates provided in (l) through (n), no condition being considered twice in the determination, or total deafness in combination with total blindness (5/200 visual acuity or less)	862	991
(p) If disabilities exceed requirements of any rates prescribed, Administrator of VA may allow next higher rate or an intermediate rate, but in no case may compensation exceed	$862	$991
(r) If veteran entitled to compensation under (o) or to the maximum rate under (p), and is in need of regular aid and attendance, he shall receive a special allowance of the amount indicated at right for aid and attendance in addition to whatever he is receiving under (o) or (p)	370	426
(s) Disability rated as total, plus additional disability independently ratable at 60 percent or over, or permanently housebound	554	637

Mr. President, the fiscal 1975 budget for disability compensation payments is currently projected at $3.18 billion. This bill would provide $408 million in additional benefits for disabled veterans in the coming fiscal year.

I am hopeful that we can move quickly so that additional adjustments in the rates will not be needed prior to enactment.

Mr. President, I ask unanimous consent that the text of the 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. 3067

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 "Veterans Disability Compensation Act of 1974".

SEC. 2. (a) Section 314 of title 38, United States Code, is amended—

(1) by striking out "$28" in subsection (a) and inserting in lieu thereof "32";

(2) by striking out "$51" in subsection (b) and inserting in lieu thereof "$59";

(3) by striking out "$77" in subsection (c) and inserting in lieu thereof "$89";

(4) by striking out "$106" in subsection (d) and inserting in lieu thereof "$122";

(5) by striking out "$149" in subsection (e) and inserting in lieu thereof "$171";

(6) by striking out "$179" in subsection (f) and inserting in lieu thereof "$206";

(7) by striking out "$212" in subsection (g) and inserting in lieu thereof "$244";

(8) by striking out "$245" in subsection (h) and inserting in lieu thereof "$282";

(9) by striking out "$275" in subsection (i) and inserting in lieu thereof "$316";

(10) by striking out "$495" in subsection (j) and inserting in lieu thereof "$569";

(11) by striking out "$616" and "$862" in subsection (k) and inserting in lieu thereof "$708" and "$991", respectively;

(12) by striking out "$616" in subsection (l) and inserting in lieu thereof "$708";

(13) by striking out "$678" in subsection (m) and inserting in lieu thereof "$780";

(14) by striking out "$770" in subsection (n) and inserting in lieu thereof "$886";

(15) by striking out "$862" in subsections (o) and (p) and inserting in lieu thereof "$991";

(16) by striking out "$370" in subsection (r) and inserting in lieu thereof "$426"; and

(17) by striking out "$554" in subsection (s) and inserting in lieu thereof "$637".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 who are not in receipt

of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 3. Section 315(1) of title 38, United States Code, is amended—

(1) by striking out "$31" in subparagraph (A) and inserting in lieu thereof "$36";

(2) by striking out "$53" in subparagraph (B) and inserting in lieu thereof "$61";

(3) by striking out "$67" in subparagraph (C) and inserting in lieu thereof "$77";

(4) by striking out "$83" and "$15" in subparagraph (D) and inserting in lieu thereof "$95" and "$17", respectively;

(5) by striking out "$21" in subparagraph (E) and inserting in lieu thereof "$24";

(6) by striking out "$36" in subparagraph (F) and inserting in lieu thereof "$41";

(7) by striking out "$53" and "$15" in subparagraph (G) and inserting in lieu thereof "$61" and "$17", respectively;

(8) by striking out "$25" in subparagraph (H) and inserting in lieu thereof "$29"; and

(9) by striking out "$48" in subparagraph (I) and inserting in lieu thereof "$55".

SEC. 4. The rate increases provided in this act shall become effective May 1, 1974.

Mr. CRANSTON. Mr. President, I am pleased to join today with the distinguished chairman of the Senate Committee on Veterans' Affairs, Mr. HARTKE, and the chairman of the Subcommittee on Compensation and Pension, Mr. TALMADGE, as well as other committee members in introducing two bills one by Senator TALMADGE to increase substantially the rates of disability compensation—S. 3067, and a second by Senator HARTKE to increase substantially the rates of DIC—dependency and indemnity compensation—S. 3072.

It is most unfortunate that the harsh realities of life in today's overheated economy, particularly for disabled veterans suffering from service-connected disabilities, were so sadly and heartlessly ignored in the recent Presidential message and fiscal year 1975 budget request. I am confident, however, that the Congress will move quickly and compassionately, despite the President's apparent indifference, to enact generous disability compensation and DIC increases.

I believe we have an imperative moral obligation to do this.

Mr. President, rapid increases in the cost of living have had a significant impact on all persons trying to live on fixed incomes, particularly—the 2,197,000 veterans receiving compensation for service-connected injuries and the 375,000 widows of veterans who died of service-connected conditions now receiving survivors benefits. The Vietnam conflict has increased compensation rolls by 371,612 Vietnam-era veterans drawing compensation payments.

The project fiscal year 1975 budget at present rates is $3.18 billion for compensation payments. Depending on the effective date of enactment of a compensation bill this year, inflation will mandate at least a 13- to 15-percent increase. This would provide about $416 million in additional compensation payments in the first year alone.

Mr. President, the fiscal year 1975 budget also includes $760 million for widows currently drawing dependency and indemnity compensation—DIC. Depending on the effective date of enactment of the DIC bill, Congress will raise these rates by approximately 15 to 17 percent. This would provide at least an additional $89 million in DIC benefits for the first year.

Mr. President, with respect to veterans with total and permanent disability ratings of long standing—20 years or more—our DIC bill also proposes establishing an automatic statutory presumption, following the veteran's death, that his widow will be entitled to DIC. It is often difficult to prove that the immediate cause of death of a totally and permanently disabled veteran was service connected, because of numerous side effects of the disabling condition. But I believe that families of totally and permanently disabled veterans who have come to rely over an extended period of time on VA disability compensation payments, should be given peace of mind in the knowledge that income in the form of DIC benefits will continue when the veteran is no longer there.

In addition, our DIC bill would also establish this presumption of service-connected death in the case of a veteran who was discharged or retired from active duty with a total and permanent disability rating.

Finally, our DIC bill proposes elimination of the remaining peacetime/wartime distinction in effect for those receiving survivors benefits under the pre-1956 DIC program known as death compensation. I have led the fight for the past several years to eliminate all wartime/peacetime distinctions under title 38. We have been very successful thus far in removing most of these unfair discriminations.

Mr. President, we will be acting on these bills in March.

We will also be acting in committee on my bill, S. 2363, to increase benefits under and otherwise improve the chapter 39 automobile grant and adaptive equipment program. At present, most of the nearly 12,000 veterans seriously disabled in service during the Vietnam-era and post-Korean period do not now qualify for adaptive auto equipment. The law currently makes the more recent disabled veterans meet a stricter line-of-duty injury criterion than is required of World War II and Korean conflict veterans.

Service-connected disabled veterans of World War II and the Korean conflict—and of post-Korean conflict service under a more restrictive standard—receive a $2,800 VA allowance for purchase of an adapted automobile and also have the adaptive equipment furnished directly by the Veterans' Administration under Public Law 91-666, which I authored in the Senate during the 91st Congress. S. 2363 would give Vietnam and post-Korean conflict veterans equal treatment with these older veterans, as well as increase the basic one-time vehicle allowance for these eligible veterans from $2,800 to $3,300. My bill would further expand the definition of adaptive equipment to include air conditioning, roof and entry alternations, and all devices necessary to assure the safe and healthful operation of the vehicle by the eligible veteran. This measure would also direct the VA to provide driver training to eligible disabled veterans at VA hospitals and clinics.

Mr. President, I will also be moving that the committee act on my proposal to require Presidential appointment, and confirmation by the Senate, of the Deputy Administrator, the Chief Medical Director, and the Chief Benefits Director of the VA. My amendment (No. 499) was printed as an amendment to S. 1076, the proposed "VA Accountability Act of 1973," of which I am a cosponsor with Senator HARTKE and others, but I will be seeking to add it to one of the three bills we will be considering in March.

This measure would correct a serious discrepancy regarding the accountability of the principal VA officials. Right now, in an agency spending $13.4 billion, employing almost 200,000 people, and potentially providing benefits to 29 million veterans, only one official, the Administrator of Veterans' Affairs, is appointed by the President by and with the advice and consent of the Senate.

Mr. President, I am delighted to note that the Veterans of Foreign Wars and the Disabled American Veterans have endorsed both my bill, S. 2363, and amendment No. 499, and that the two bills we are introducing today are in accord with their compensation and DIC resolutions, as well as those of other veterans' organizations.

Mr. President, there are a number of other issues of great importance to our Nation's veterans, to which I, and the members of the committee will be addressing ourselves in the months ahead. Earlier this week, I was privileged to address the winter conference of the Disabled American Veterans, at which time I discussed, in detail, the President's fiscal year 1975 budget message for veterans, including extensive comments on the VA medical budget, and plans for improvements in the current GI bill, as well as the four measures I have just described.

Mr. President, I ask unanimous consent that the full text of my remarks to the DAV be inserted in the RECORD at this point.

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

ADDRESS BY SENATOR ALAN CRANSTON

Commander Soave, members of the Disabled American Veterans, and friends, I am honored to be here with you this morning at the opening of your annual mid-winter conference.

I think most of you know that I have had a demonstration of veterans in my Los Angeles office for about the last two weeks—aimed not at me, but at the VA. The way things have been going lately I am delighted to be meeting with a group of veterans anywhere outside my Los Angeles office. I would normally invite you, especially those from California, to stop in my office while you're here, but I think I'd better propose a meeting on some more neutral ground, say Donald Johnson's office.

To return to a more serious note, I think most of you know that working to help disabled and returning veterans has been a number one priority for me during my service in the Senate. I think we in Congress have been quite successful during the period I've been there in improving benefits and programs for veterans. And we intend to keep right on going, dragging the Administration

behind us—just as we have for the last five years.

This morning I thought I would review with you where we have been and where I think we will be going this year in the veterans affairs area.

I have been chairman of the Senate subcommittee with responsibility for overseeing the VA hospital system since I entered the Senate—first the Veterans' Affairs Subcommittee of the Committee on Labor and Public Welfare and then the Subcommittee on Health and Hospitals of the Committee on Veterans' Affairs since that Committee was established in the Senate in 1971.

I have already chaired two oversight hearings this year. In January and February, we studied conditions in northern and southern California VA hospitals, and followed up on the VA's implementation of Public Laws 93–82 and 92–541, both of which I authored in the Senate, and the adequacy of the FY 1975 VA budget request. These hearings were a continuation of a series of oversight hearings I began in 1969 to investigate the quality of medical care provided disabled veterans in VA medical facilities throughout the nation.

The information gathered since then has served as a basis for substantial legislative action and lossening of budgetary constraints on the VA medical program.

In these last four years, we in the Congress have managed—with the help of the D.A.V. and other organizations—to increase the VA budget for medical care by a half a billion dollars over the amounts requested in the budget despite the persistent opposition of the Administration.

In these four years, we have seen much of these funds—added by Congress—used to add 26,140 new physicians, nurses, technicians, and other health care workers to the VA hospital and medical staffs across this land. This is real progress.

In these four years, we have authorized new and innovative programs, such as those provided for in my bill, S. 59, the "Veterans Health Care Expansion Act of 1973", which was signed by the President on August 2, 1973 as Public Law 93–82, and in the "Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972", now Public Law 92–541, which I authored in the Senate two years ago.

In these four years, I think it is fair to say that the Congressional focus on the VA medical program has had a substantial impact on improving the quality, sensitivity, and responsiveness of the Department of Medicine and Surgery in rendering quality patient care.

In these four years, we in the Congress—and you in the veterans' world—must finally have made our point to the Administration regarding veterans health care. The President's fiscal year 1975 budget request, submitted this month, reflects an increase of another $315,900,000 for the VA medical program; an increase for medical facilities construction obligations of $170,200,000; and an increase for medical research expenditures of $7,300,000—all over this year's levels.

This budget request—by far the most adequate for VA medical care submitted since I've been in the Senate—will allow adding 8,745 more VA medical personnel across the country. These increases parallel the increases I sought, and achieved in part, last year as amendments to the current VA Appropriations Act.

Unfortunately, the rest of the VA budget contains much bad news for veteran-students studying under the G.I. Bill and service-connected disabled veterans and their survivors trying vainly to make their disability compensation and D.I.C. checks stretch to cover the same food, housing, and subsistence expenses they did 19 months ago when rates were last increased. I will return to these problems and our plans to correct them later in my remarks.

We face unprecedented challenges in the next several years as the Congress comes to grips with national health insurance, and also deals with legislation to revise and dramatically alter our general Federal health and education grant laws. We must ensure the continued soundness of all VA programs and keep them up-to-date in terms of changes and improvements in related Federal programs.

As a member of the Committee on Labor and Public Welfare, which has the basic jurisdiction over the Federal programs related to most of the programs of veterans' benefits and services run by the VA, I have been in a good position to work on achieving this interchange between VA and other Federal programs. Toward that end, I have amended numerous health and other laws to ensure that the VA and representatives of veterans have the opportunity to cooperate actively with other Federal programs—such as research and treatment programs for cancer, heart and lung disease, and sickle cell disease, the new Emergency Medical Services Program which I authored last year, Regional Medical Programs, Comprehensive Health Planning Agencies, federally funded manpower training and employment programs, the Federal Vocational Rehabilitation program for handicapped persons, and Federal domestic volunteer programs. My goal has been to make sure that the benefits and advantages of these programs are available to veterans and to give these programs the VA's expertise in related fields. I believe this effort has worked well.

As to medical care, I wish to state as Chairman of the Subcommittee responsible for authorizing and overseeing programs for the veterans' health and hospital system, that the VA medical program must remain a separate system—a strong system—and it should certainly be not *one* of the best, as the President said in his January 28 veterans' message, but *the* best system we can possibly bring to the veterans of America.

I pledge to you today to continue the fight to ensure that result. I ask your renewed efforts to work toward that goal with me, Chairman Hartke, Chairman Dorn, "Tiger" Teague, and the other Veterans Committee members in the House and the Senate.

Let me pause for a moment to cite to you the full magnitude of the VA's medical budget for FY 1975. The FY 1975 VA medical care, research, construction, and administration budget outlays will total at least $3.4 billion. This is about twice the size of the total five years ago in the FY 1970 budget—$1.8 billion—when we began our efforts to upgrade the VA medical system.

The magnitude and quality of the VA medical budget request is a tribute to and clear vote of confidence in the quiet, yet effective, leadership provided over the last four years by VA Chief Medical Director, Dr. Jim Musser. As we in Congress have added over a half billion dollars for the VA medical program over budget requests since 1970, Jim Musser unlike others who were so busy proclaiming that the VA could not usefully spend the sums we appropriated, has fought the necessary internal battles, and been able to spend these so-called "unneeded" moneys to hire over 25,000 new medical workers and bring about a substantial upgrading in the whole VA medical program during his first four-year term.

After extensive dialogue that I and leaders on the House side had with the Administration at the highest levels, it was finally decided this past Fall that Dr. Musser would be rewarded, not ousted, for his faithful, selfless, effective service, and not left to twist "slowly, slowly in the wind" as had first been the scheme at the VA.

As you all know, Dr. Musser was reappointed to a second four-year term as VA Chief Medical Director on January 5, 1974. In my book, that's good news for all sick and disabled veterans.

So, I heartily welcome much of this fiscal year 1975 budget proposal for the VA medical program.

I welcome the budget proposal to add 8,745 positions in medical employment and to increase medical care outlays by $316 million. I am also delighted that Sacramento has been chosen for a new Veterans Administration outpatient clinic—the first VA medical facility north of the San Francisco Bay Area in California.

This new outpatient facility, scheduled to open July 1, 1974, will make VA medical care accessible to more than 200,000 eligible veterans and their families in northern California. The new clinic will be affiliated with the University of California Medical School at Davis, and located in the Sacramento Medical Center.

On January 18 this year, I brought the Health and Hospitals Subcommittee to Sacramento for hearings into the quality and accessibility of health care available to northern California veterans and specifically the need there for a new VA outpatient clinic. At that hearing, I heard much specific testimony from all veterans organizations and from local officials pointing to the great need for a new VA outpatient clinic in Sacramento. This hearing and the establishment of the clinic is a culmination of more than two years of negotiations. I have had with the VA, supported by the county supervisors, officials at U. C. Davis, and the California D.A.V. and other veterans organizations.

Presently, the northernmost California VA hospital is in Martinez, 70 miles south of Sacramento and accessible only by private auto. The outpatient clinic in Sacramento will allow many veterans to remain in their home community to receive health care. The clinic staff will be able, under P.L. 93–82, to provide counseling and supportive services to the veteran's family to speed treatment and rehabilitation of the veteran.

I welcome the plans to activate four new regional medical education centers to provide refresher and continuing education for VA and community health care personnel pursuant to my bill S. 2355, incorporated in Public Law 92–541.

I welcome the plan to obligate $284.7 million for construction of medical facilities—up to $170.2 million from this fiscal year—and especially the allocation of $46.5 million to complete the much delayed Los Angeles Wadsworth replacement hospital; $39.4 million to complete the new VA hospital at Loma Linda; $72.6 million for the much needed Bronx, New York, replacement hospital; and $9 million to plan or carry out air conditioning at at least 11 hospitals in some of the most sweltering regions of the Nation.

I welcome the $89 million to be expended for medical and prosthetic research in fiscal year 1975, up $7.3 million from the record high amount to be expended this fiscal year. I especially applaud the emphasis on research on aging, sickle cell disease, hypertension, and alcohol dependence.

I welcome the inclusion of $41.4 million for fiscal year 1975 under the new CHAMPVA program, which I authorized in P.L. 93–82, to pay for care in community facilities for the dependents of 100 percent service-connected disabled veterans and the survivors of veterans who died from service-connected disabilities, pursuant to Public Law 93–82.

I welcome the request for a supplemental appropriation of $29 million for *this* fiscal year to carry out new authorities in Public Law 93–82.

I must, however, note my disappointment that no new funds were requested to implement the basic provisions of the VA Medical

School Assistance and Health Manpower Training Act of 1972, and that the $45 million total we appropriated for that purpose last and this fiscal year is being held back to be spread over 3 fiscal years—$10 million in fiscal year 1974, $20 million in fiscal year 1975, and presumably, $15 million in fiscal year 1976. I strongly believe that the full $45 million available for expenditure *now* under this new law should be obligated *now* to meet the 150 million dollars worth of applications from medical schools and other health care manpower training institutions to utilize VA facilities to start new medical schools, or to expand the training capacities of existing schools and other institutions operating in affiliation with VA facilities.

My Subcommittee will be scrutinizing very closely in the months ahead the full VA budget request and detailed justification to ensure that the moneys proposed are fully adequate and that, after they are appropriated, funds are not arbitrarily withheld.

But dollars alone will not automatically bring about good medical care for disabled veterans. There are still many areas of improvement needed in the VA medical program.

The many steps Congress has taken to increase VA appropriations—and I am proud that I was able to lead this effort in the Congress with my good friend in the House, "Tiger" Teague from Texas—have clearly alleviated some of the hospital staffing shortages. Yet there are still serious shortages in many VA Hospitals.

There remain to be resolved problems of recruitment of qualified and adequate numbers of physicians;

Problems of recruitment of other health-care staff because of arbitrary personnel ceiling levels and grade level reductions imposed by penny-pinching budget-cutters in the Office of Management and Budget;

Problems of personnel recruitment due to the very low entry-level salaries for certain medical technicians;

And problems of too much control of VA hospital operations by some affiliated medical schools, especially in the Admissions Service.

As I indicated the VA medical system faces a great challenge in terms of its survival and viability under a new national health insurance program. At our oversight hearings on February 13 in Los Angeles, I questioned Dr. Musser on numerous aspects of the President's latest national health insurance proposal sent to Congress several weeks ago. It is clear that the Administration has not yet worked out any of the details of the rights of veterans and the role of the VA under the proposal.

But Dr. Musser pledged his cooperation to work with me to try to work out the specifics. My guiding theme in this effort—and I ask again for your help in this—will be to ensure, first, that the VA system remains independent, strong, and of the highest quality; second, that the present level of benefits and services for eligible veterans and dependents is maintained; and third, that the two Veterans Affairs Committees have full jurisdiction and opportunity to deal with these questions legislatively during consideration of national health insurance measures.

Now, I want to turn to the bad news in the President's FY 1975 VA budget proposal. I am gravely disappointed that the President's actual proposals, or lack thereof, show he is not aware of the harsh realities of life in today's overseated economy for returning veterans seeking education or training under the G.I. Bill, and for disabled veterans suffering from service-connected disabilities.

The President has failed to comprehend what every Congressional observer, veterans group, and editorial writer I have read, seems to understand fully, and that is that today's G.I. Bill payment rate and structure are just not equitable given today's accelerating cost of education and living.

The President's 8 per-cent so-called cost-of-living proposal makes no sense on top of the present rate structure. We last amended the G.I. Bill rates, over staunch Administration opposition, to increase rates by 26 per cent. This was fully 14 per-cent—which is $30 per month for the full-time veteran-student without dependents—lower than the Senate had found was necessary to restore comparability to Korean conflict G.I. Bill rates.

It is an insult to those veterans—many with heavy dependency obligations, struggling to stretch G.I. Bill checks, when they finally get them—in schools throughout the Nation. It is an insult to the intelligence of the Congress to try to palm off so meager a proposal—a proposal which already is out of date since it does not take into account the enormous cost-of-living increase over the last four months.

This is why we have proposed a 23-percent increase for GI Bill rates—to try to upgrade the program as well as allow for education and living cost inflation. The House last week passed a comprehensive bill including a 13.6 percent GI Bill rate increase.

I predict Congress will this year categorically reject the President's totally inadequate proposal and enact a rate increase on the order of the 23-percent proposal we have made, or a combination of a lesser allowance increase coupled with a modest tuition support subsidy to help equalize the education cost differential from State to State, and provide greater comparability with the World War II Bill benefit structure.

Service-connected disabled veterans have fared even worse. Their needs—now almost 20 months old—for a cost-of-living increase though enormous, were totally ignored in the Presidential message and budget request. I can assure you today that Congress will quickly correct this by enacting a generous disability compensation and DIC increase—of about 15 percent, I would estimate.

I can tell you this morning that I will be joining with Senator Hartke and Senator Talmadge, Chairman of the Subcommittee on Compensation and Pensions, in introducing this week, bills to increase substantially both compensation and DIC rates.

Rapid increases in the cost of living have had a significant impact on all persons trying to live on fixed incomes, particularly—the 2,197,000 veterans receiving compensation for service-connected injuries and the 375,000 widows of veterans who died of service-connected conditions now receiving survivors benefits. The Vietnam Conflict has increased compensation rolls by 371,612 Vietnam Era veterans. The projected FY 1975 budget at present rates is $3.18 billion for compensation payments. Depending on the effective date of enactment of a compensation bill this year, inflation will mandate at least a 13 to 15 percent increase. This would provide about $416 million in additional compensation payments in the first year alone.

The fiscal year 1975 budget includes $760 million for widows currently drawing dependency and indemnity compensation (DIC). Depending on the effective date of enactment of our D.I.C. bill, Congress will raise these rates by at least 15 to 17 percent. This would provide at least an additional $89 million in D.I.C. benefits for the first year.

With respect to veterans with total and permanent disability ratings of long standing, our bill will propose establishing an automatic statutory presumption, following the veteran's death, that his widow will be entitled to D.I.C. It is often difficult to prove that the immediate cause of death of a totally and permanently disabled veteran was service-connected because of numerous side effects of the disabling condition. But I believe that families of totally and permanently disabled veterans who have come to rely, over an extended period of time, on VA disability compensation payments, should be given peace of mind in the knowledge that income, in the form of D.I.C. benefits, will continue after the veteran's death.

Our bill will also propose elimination of the remaining peace-time/war-time distinction in effect for those receiving survivor benefits under the pre-1956 D.I.C. program known as Death Compensation. I have led the fight for the past several years to eliminate all war-time/peace-time distinctions under title 38.

We will be acting on these bills in March. We will also be acting in Committee on my bill, S. 2363, which your organization has endorsed to increase benefits under and otherwise improve the chapter 39 automobile grant and adaptive equipment program. Also, the Committee will act in my proposal—also endorsed by the D.A.V.—to require Presidential appointment, and confirmation by the Senate, of the Deputy Administrator, the Chief Medical Director, and the Chief Benefits Director of the VA. Right now, only the Administrator of the VA is Presidentially appointed in an agency with a budget of $13.4 billion.

Finally, you should know that the Subcommittee on Compensation and Pension will be looking into the status of the proposed revision of the disability rating schedule which was withdrawn a year ago January for further "intensive study" by the Administrator.

So that's where we are and where I see us going in the area of veterans affairs.

Let's continue talking and working together. There is no more noble or important national goal than ensuring just benefits, services, and programs for those who answered the call to protect our nation's security in time of war.

By Mr. CURTIS (for himself, Mr. BARTLETT, Mr. BENNETT, Mr. BROCK, Mr. GOLDWATER, Mr. HELMS, Mr. HUGH SCOTT, Mr. TOWER, and Mr. YOUNG):

S. 3068. A bill to amend section 103 of the Internal Revenue Code of 1954. Referred to the Committee on Finance.

Mr. CURTIS. Mr. President, we have used in this country for many worthwhile purposes, what have been called tax-free industrial bonds. There was a time when a subdivision of government could issue bonds for industrial expansion in any amount. Usually the bonds were issued and sold, and the proceeds built a plant. An industry would come in, provide jobs and use the building, and the rent paid by the industry retired the bonds.

Criticism of that procedure arose, so Congress some years ago placed a limit on the amount of bonds that could be used for that purpose, intending to help small business. Then, at a later time, Congress made certain provisions for the full use of tax-free industrial bonds for a specific purpose. One of those specific purposes was to combat pollution. So if in a community a facility was needed by a private industry, or otherwise, the local subdivision could use tax-free bonds.

I am today introducing a bill to extend that theory. I would extend the use of tax-free bonds without limit, the bonds to be used in those activities which would

contribute toward relieving our energy crisis. In other words, if there were a new industrial activity it might be a powerplant, and it might be owned by a municipality—that was using oil, and money was needed for a conversion to coal—or to bark, peat, or lignite, or even garbage—tax-free industrial bonds could be used for that purpose.

The bill also raises the limit of the general industrial revenue bonds intended for small business. Raising the limits is necessary because of the present price level. It is imperative that the limit be raised. The tax-free bond issues take care of many matters and if they were not used calls would be made upon the Government for direct appropriations. It means local control; it means no appropriations out of the Federal Treasury; and I always have felt it did not hurt the revenue if there is a community that needs a job-producing enterprise and they use their local credit to bring one in and that enterprise succeeds and the industry starts to pay taxes and the individual employees start to pay taxes. That more than offsets the revenue loss by having these bonds tax free.

Mr. President, this proposal would make these changes in order to relieve the energy crisis, as well as raise these limits for small business.

Mr. President, I send the bill to the desk on behalf of myself and Senators BARTLETT, BENNETT, BROCK, GOLDWATER, HELMS, HUGH SCOTT, TOWER, and YOUNG.

By Mr. RIBICOFF (for himself, Mr. MONDALE, Mr. KENNEDY, Mr. MCGOVERN, Mr. ROTH, Mr. JAVITS, Mr. HUGH SCOTT, and Mr. CRANSTON):

S. 3069. A bill to extend through December 1974 the period during which benefits under the supplemental security income program on the basis of disability may be paid without interruption pending the required disability determination, in the case of individuals who received public assistance under State plans on the basis of disability for December 1973 but not for any month before July 1973. Referred to the Committee on Finance.

Mr. RIBICOFF. Mr. President, today I am introducing legislation which will extend through December 1974 the period during which certain disabled persons may continue to receive supplemental security income—SSI—benefits pending the legally required determination of disability.

Unless this legislation is enacted, 185,000 disabled Americans will be cut off from aid at the end of March through no fault of their own. In Connecticut, at least 2,000 and as many as 5,000 recipients of SSI payments to the disabled will lose their aid completely at the end of March without this emergency legislation.

Similar legislation has been introduced in the House by Ways and Means Committee Member JAMES CORMAN of California to correct an emergency situation which, unless rectified, will result in the complete loss of benefits for thousands of disabled Americans who should be receiving financial help.

A major problem—technical in nature but of grave consequence to those in need—has arisen because of the transition from the old program of aid to the disabled to the new SSI program on January 1, 1974.

The intent of Congress was to assure that no one received a reduction in benefits under the new SSI program. For that reason Congress in June of 1973 enacted a "grandfather" provision under which all aged, blind, and disabled persons on the rolls of the old age assistance, blind, and disabled programs as of December 1973 would be considered to meet SSI eligibility requirements.

And States were required to supplement Federal SSI payments to bring them up to benefit payment levels received by aged, blind, and disabled recipients as of December 1973. This approach was equitable and required a minimum of administrative redtape.

Unfortunately in December of 1973 the "grandfather" provisions enacted in June were modified so that disabled persons would become automatically eligible for SSI only if they had been on the State rolls for at least 1 month prior to July 1973. Disabled persons added to State rolls between June and December of 1973 were required to be reviewed against SSI standards.

The effect of this December modification has been to require the Social Security Administration to ascertain which of the individuals among the 1.3 million disabled recipients came on the rolls after June 1973 and then determine which of these 300,000 or more individuals met SSI disability standards.

Obviously, the Social Security Administration could not complete this monumental task between December 1973 and the January 1, 1974, implementation date. The law presumes disability through March of 1974 for those added to the rolls between June and December of 1973. After that time the Social Security Administration and the States will be required to stop providing benefits.

This bill is a simple one. It extends the period of presumptive disability from March 1974 through December of 1974. This will give the Social Security Administration a chance to determine full eligibility in each case. This will also protect those who are receiving disability payments from a cutoff in benefits. It would clearly be unfair to deny payments to thousands of needy disabled citizens of Connecticut and thousands of others throughout the country.

By Mr. TOWER:

S. 3070. A bill to amend the National Labor Relations Act to achieve its aims and objectives; and

S. 3071. A bill to amend the National Labor Relations Act to prohibit secondary picketing. Referred to the Committee on Labor and Public Welfare.

Mr. TOWER. Mr. President, I introduce today two bills which, if enacted, would go a long way toward restoring a balance in labor-management relations—a legislative goal which I have long sought.

The first bill would amend section 8(b)(4) of the National Labor Relations Act to prohibit all secondary picketing. In passing the Landrum-Griffin Act in 1959, Congress sought to prohibit all picketing aimed at pressuring an employee, not a party to an existing labor dispute, whose connection was secondary—that he carried a product of the primary employer.

Nevertheless, the Supreme Court of the United States in the so-called Tree Fruits decision (*NLRB* v. *Fruit and Vegetable Packers and Warehousemen* 377 U.S. 58 (1964)) disregarded this congressional intent, holding instead that consumer picketing, not interfering with the employees of the secondary employer, but rather picketing to encourage customers not to buy the product sold by the primary employer, was a legal exercise not in violation of the National Labor Relations Act.

I have always considered this decision a most serious misreading of legislative intent. One can easily disagree with both the judicial interpretation of the legislative history and the factual conclusion reached by the Court with respect to the effect which such activity has on the secondary employer.

The results of this decision over the last decade clearly show that the opportunity given to organized labor to utilize such secondary activity has mitigated the usage and effectiveness of the statutory provisions in the National Labor Relations Act that relate to basic collective bargaining tools between a union and the primary employer.

The Landrum-Griffin Act contained a proviso allowing publicity "for the purpose of truthfully advising the public, including consumers and members of a labor organization, that a product or products are produced by an employer with whom the labor organization has a primary dispute and are distributed by another employer as long as such publicity does not have the effect of including any individual employed by any person other than the primary employer in the course of his employment to refuse to pick up, deliver." However, this proviso is qualified by the phrase "other than picketing." Somehow the Supreme Court avoided the obvious meaning of this phrase just quoted which, on its face, affirmatively condones publicity campaigns except for the qualification so stated. The majority opinion even rejected the decisive statement of our distinguished former colleague, the then Senator from Oregon, Mr. Morse, who opposed the conference report on the Landrum-Griffin bill because it prohibited this type of picketing.

Furthermore, the Court's reasoning is based upon a determination that "peaceful consumer picketing to shut off all trade with the secondary employer unless he aids the union in its dispute with the primary employer, is poles apart from such picketing which only persuades his customer not to buy the struck product." I cannot accept this distinction. Instead, it is obvious that if consumers followed the suggestions of the pickets, the decline in demand for the primary employer's product would encourage the secondary employer to get

products from another supplier. Thus, the argument that such consumer picketing does not pressure a secondary employer in violation of section 8(b)(4) is fallacious.

In his dissenting opinion, Justice Harlan extracted the weaknesses of the majority's argument:

The Union's activities are plainly within the letter of subdivision (4)(ii)(B) of 8(b), and indeed the Court's opinion virtually concedes that much. Certainly Safeway is a "person" as defined in those subdivisions; indubitably "an object" of the Union's conduct was the "forcing or requiring" of Safeway, through the picketing of its customers, "to cease . . . selling, handling . . . or otherwise dealing in" Washington apples, "the products of" another "producer"; and consumer picketing is expressly excluded from the ameliorative provisions of the proviso.

Nothing in the statute lends support to the fine distinction which the Court draws between general and limited product picketing. The enactment speaks pervasively of threatening, coercing, or restraining any person; the proviso differentiates only between modes of expression, not between types of secondary consumer picketing. For me, the Court's argument to the contrary is very unconvincing.

The difference to which the Court points between a secondary employer merely lowering his purchases of the struck product to the degree of decreased consumer demand and such an employer ceasing to purchase one product because of consumer refusal to buy any products, is surely too refined in the context of reality. It can hardly be supposed that in all, or even most, instances the result of the type of picketing involved here will be simply that suggested by the Court. Because of the very nature of picketing there may be numbers of persons who will refuse to buy at all from a picketed store, either out of economic or social conviction or because they prefer to shop where they need not brave a picket line. Moreover, the public can hardly be expected always to know or ascertain the precise scope of a particular picketing operation. Thus, in cases like this, the effect on the secondary employer may, rather than simply reducing purchases from the primary employer, deem it more expedient to turn to another producer whose product is approved by the union.

Mr. President, the availability of the consumer picketing tool distorts the collective bargaining process. The intent of the National Labor Relations Act is to give employees the opportunity to bargain collectively. The law provides a variety of tools to achieve collective bargaining representation and the employment of secondary picketing devices, for instance, certainly delays, for example, the usage of the election procedure.

Equally as important is the public policy objective of insulating the truly secondary employer from the effects of a protracted labor-management conflict. If there is a public interest function to be served by Federal labor law, then the Federal Government should not stand idly by while businesses that have no interest in the labor dispute go unprotected to their economic detriment. This bill will give that type of protection to the secondary employer that was originally envisioned by the Landrum-Griffin Act.

The second bill which I am introducing today would modify an internal rule of the National Labor Relations Board. That Agency has adopted a general policy of not proceeding in any representation case or union decertification case where charges of unfair labor practices affecting some or all of the same employees are pending and where the charging party is a party to the representation or decertification matters. Therefore, a request for the Board to implement its election procedures can be delayed or suspended indefinitely pending the Board's full investigation of the unfair labor practice charges. Since it is a fact of life that the Board has never been accused of acting with great speed in processing and investigating unfair labor practices, the filing of such "blocking charges" causes undue delay in the resolution of such representation and decertification actions.

This internal rule of the Board is contrary to the public policy that is envisioned by the National Labor Relations Act. "Labor tranquility" is not served when the issue of collective bargaining is left hanging for such an extended period of time. Neither employers nor employees should have the opportunity to thwart the objectives of the collective bargaining process through the filing of such unfair labor practice charges, many of which are frivolous in nature aimed at only delaying the election procedure so that such charging parties can improve their position during the delay period.

The ultimate objective of the National Labor Relations Act is to provide adequate procedures to encourage the solution of representation issues so that the collective bargaining process can develop in an efficient and productive manner. The bill I am today introducing would amend section 9(c)(1) of the act to provide that representation and decertification petitions will not be held up while such charges are processed.

Mr. President, the labor-management dispute between the Farah Manufacturing Co. and the Amalgamated Clothing Workers has apparently ended. I am relieved by this turn of events for I had strenuously worked to see a resolution of this matter in the interest of the economies of my State that have been so detrimentally affected by this dispute.

Now that an agreement has been reached between the parties, I think the Congress could well benefit by reviewing the background of this problem, particularly since it relates so directly to the proposals I have just outlined.

The union engaged in a drawn out secondary boycott, the legal foundation of which was recognized under the Tree Fruits doctrine. The only reasonable inference that can be made for the utilization of this device was that at the time the boycott and picketing campaign began the union lacked the support needed to either have an election scheduled or to win an election. Therefore, the boycott became a valuable tool for the union. The effect of this boycott, regardless of the end result of the dispute, was to cause hardship to thousands of employees and their families, great pressure on secondary employers, damage to the economy of Texas and New Mexico and the establishment of a hiatus in the collective bargaining process contrary to the stated objectives of the National Labor Relations Act.

Second, Mr. President, the manner in which the agreement to end the dispute became manifested is quite ironic in that the parties arranged such an agreement without the assistance of the National Labor Relations Board. I, myself, became quite frustrated as I inquired about the matter with the Board. Despite nationwide investigations, and countless site inspections and interviews in Texas, the Board became ensnarled in legal and nonlegal technicalities revolving around unfair labor practices charges that had been filed. While plantwide elections seemed to be the best way to resolve the entire matter, the Board's internal rule concerning field charges left it in a position where it could do nothing but watch the dispute grow larger affecting the welfare of thousands of people.

The Board's inaction in failing to meet this problem directly leads one to ask the inevitable question of what purpose is the National Labor Relations Board's existence serving. Certainly, in the Farah dispute it breached its duty owed to the public interest.

The legislation I am introducing today will dramatically restore the interest of the public in labor-management affairs and provide fair treatment for the parties directly involved in the collective bargaining process. While I urge the Senate Labor and Public Welfare Committee to expeditiously schedule hearings on them, I would be less than candid if I did not note my skepticism on such a possibility being realized this session. Therefore, I give notice to the Senate that I will most probably call these proposals up as amendments to the next bill considered that is germane to the collective bargaining process.

Mr. President, I ask unanimous consent that the text of these two bills be printed in the RECORD at this point.

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

S. 3070

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 9(c)(1) is amended by deleting the period at the end of the first sentence inserting in lieu thereof a colon and the following: "*Provided,* That no such petition shall be dismissed or its processing delayed solely because an unfair labor practice has been filed."

S. 3071

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 8(b)(4) of the National Labor Relations Act is amended by striking out in the final provision, the language "other than picketing" and inserting in lieu thereof the following: "except that picketing at a secondary site not controlled by the employer with which the primary labor dispute exists and aimed at encouraging consumers to refuse to purchase products of the primary employer is prohibited."

By Mr. HARTKE (for himself, Mr. HANSEN, Mr. TALMADGE, Mr. RANDOLPH, Mr. HUGHES, Mr. CRANSTON, Mr. THURMOND, Mr. STAFFORD, and Mr. MCCLURE):

S. 3072. A bill to amend title 38, United States Code, to liberalize the pro-

visions relating to payment of dependency and indemnity compensation, and for other purposes. Referred to the Committee on Veterans' Affairs.

SURVIVORS DEPENDENCY AND INDEMNITY COMPENSATION ACT OF 1974

Mr. HARTKE. Mr. President, today I introduce for myself and for all the members of the Committee on Veterans' Affairs which I am privileged to chair, S. 3072, the Survivors Dependency and Indemnity Compensation Act of 1974. This bill would amend title 38, United States Code, to increase the rates of dependency and indemnity compensation—DIC—paid to widows of veterans who died of service-connected conditions. S. 3072 would also make other significant improvements to the DIC program. I have recently conferred with the distinguished and hard-working chairman of our Subcommittee on Compensation and Pensions (Mr. TALMADGE), and am pleased to announce that this bill will be considered in hearings scheduled for March 13, 2 weeks from today. I am confident, as he has in the past, that Senator TALMADGE will move quickly to consider this legislation and report it at the earliest possible moment to the full Senate for consideration.

Currently, approximately 375,000 widows are in receipt of DIC survivor benefits. These rolls have been swelled in recent years by the addition of 49,000 widows of Vietnam era veterans who have died of service-connected conditions. The following chart indicates the number of widows of veterans who died of service-connected conditions by periods of service:

TABLE 1.—AVERAGE NUMBER OF SURVIVOR COMPENSATION CASES

	1973 actual	1974 estimate	1975 estimate	Increase (+) decrease (−)
Indian Wars	1	1	1	.....
Civil War	14	11	9	−2
Spanish American War	312	280	260	−20
Mexican border period	2	2	2	.....
World War I	36,825	36,700	36,600	−100
World War II	202,817	199,500	196,500	−3,000
Korean conflict	39,484	39,600	39,700	+100
Vietnam era	45,959	49,000	51,800	+2,800
Peacetime service	49,161	49,500	49,800	+300
Total	374,575	374,594	374,672	+78

Survivor benefits for widows were last increased in Public Law 92–197, effective January 1, 1972, which provided a 10-percent increase in rates. Since that time inflation has taken larger and larger bites out of the fixed income that these widows receive and depend upon. As of January 31 this year, the cost of living has increased 13.4 percent since the last DIC increase as indicated in the following table showing changes in the Consumer Price Index:

TABLE 2.—U.S. DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS—CONSUMER PRICE INDEX

[1967=100]

	1972	1973	1974
January	123.2	127.7	139.7
February	123.8	128.6	.....
March	124.0	129.8	.....
April	124.3	130.7	.....
May	124.7	131.5	.....
June	125.0	132.4	.....
July	125.5	132.7	.....
August	125.7	135.1	.....
September	126.2	135.5	.....
October	126.6	136.6	.....
November	126.9	137.6	.....
December	127.3	138.5	.....

Mr. President, the bill I introduce today would increase DIC benefits by 16 percent which would take into account inflation which has occurred as of January 31 of this year and would further project anticipated continuing inflationary growth. The bill before you contemplates an effective date of May 1 of this year. I am hopeful that we will be able to enact this measure within that time frame so that there will be no need for further reexamination of the rate increases.

Mr. President, the following table indicates the present DIC rates payable to widows and those proposed in the Survivors Dependency and Indemnity Compensation Act of 1974:

TABLE 3.—DIC—WIDOWS

Pay grade	Current rate	Proposed 16-percent increase
E–1	$184	$213
E–2	189	219
E–3	195	226
E–4	206	239
E–5	212	246
E–6	217	252
E–7	227	263
E–8	240	278
E–9	251	291
W–1	232	269
W–2	241	280
W–3	249	289
W–4	262	304
O–1	232	269
O–2	240	278
O–3	257	298
O–4	272	316
O–5	299	347
O–6	337	391
O–7	365	423
O–8	399	463
O–9	429	498
O–10	469	544
E–9—Senior NCO of Service	270	313
O–10—Chairman, Joint Chiefs or Chief of Staff	503	583

The fiscal 1975 budget for widows on DIC recently submitted by the President is currently projected at $760 million. Unfortunately no provision was made for cost of living increases. The cost of living increases provided for in the Survivors Dependency and Indemnity Compensation Act of 1974 will provide $96 million in additional benefits for widows in the first full fiscal year.

Mr. President, the Survivors Dependency and Indemnity Compensation Act of 1974 would also liberalize the eligibility for payment of DIC to certain survivors of disabled veterans. Currently survivors are entitled to DIC payments if it can be established that the veteran died as a direct result of a service-connected disability. The bill before you today would authorize DIC for a survivor of any veteran released from the service with a disability permanent and total in nature. The bill provides that survivors of an eligible veteran whose subsequent release from active duty developed a service-connected disability permanent and total in nature would also be eligible for DIC benefits if the veteran had that rating for at least 20 years prior to his death.

I believe this provision will go a long way to resolve several inequities in the present law. First, it has been a continuing complaint of totally disabled veterans and their families that their disability is not taken fully into account when they die of the substantial impact that their service-connected disability may have as a contributing factor to their death as the result of a disease or disfunction not of service-connected origin. Presently VA regulations provide that a service-connected condition must be a contributory factor either substantially or materially. No consideration is given to the fact that severe and permanent diseases and injuries are proven to severely shorten the life expectancy of those veterans.

A second effect of this proposed amendment would be to assure that survivors will not be denied the economic support which should be available to them because of the service-connected nature of the disability of the deceased veteran. Assured income will continue for those survivors and provide peace of mind to totally disabled veterans during their lifetime that their widows will be cared for. Third, it is my strong belief that all veterans who have suffered such a catastrophic disability as to be rated total and permanent, deserve to be given the benefit of any doubt as to whether the cause of their death was service-connected in nature. These veterans have endured life with a diminished earning power and with much lower monetary expectations than would have been possible had they not been injured in the service of their country. Their survivors deserve our compassion.

Fourth, it should be recognized that catastrophic disabilities cannot be isolated in the body to one organ or limb or particular body disfunction, but rather affect all systems in the body. As such, I believe this provision which statutorily gives the "benefit of doubt" is warranted.

Finally, Mr. President, the bill would provide for peacetime/wartime equalization of rates for those survivors receiving death compensation. Right now there are two programs paying benefits to survivors of veterans who died of service-connected conditions. The largest is the current DIC system authorized in 1956 by Public Law 881 of the 84th Congress. A number of survivors of veterans who died prior to January 1, 1957, however, continued to receive payments under the older death compensation program. There are 116,791 survivors who receive benefits under this program. Of that number, 4,453 are classified as "peacetime" survivors by virtue of the deceased veteran's period of service. Under current law they are entitled to death compensation at the rate of 80 percent of that received by survivors of veterans who served during a "wartime" period. The bill before you today would equalize wartime/peacetime survivor benefits rates, consistent with recent congressional practice most recently illustrated by the equalization of wartime/peace-

time disability compensation rates in Public Law 92–328 which I authored in the last Congress. The additional cost of this provision is estimated to be insignificant.

Mr. President, I look forward to quick action on the Survivors' Dependency and Indemnity Compensation Act of 1974 as I do on the Veterans' Disability Compensation Act of 1974 which I joined in introducing with the distinguished senior Senator from Georgia, Mr. TALMADGE, today.

Mr. President, I ask unanimous consent that the text of S. 3072 the Survivors Dependency and Indemnity Compensation Act of 1974 be printed in the RECORD at this point.

There being no objection the bill was ordered printed as follows:

S. 3072

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 "Survivors Dependency and Indemnity Compensation Act of 1974".

SEC. 2. Section 411 of title 38, United States Code, is amended to read as follows:

"(a) Dependency and indemnity compensation shall be paid to a widow, based on the pay grade of her deceased husband, at monthly rates set forth in the following table:

"Pay grade:	*Monthly rate*
E–1	$213
E–2	219
E–3	226
E–4	239
E–5	246
E–6	252
E–7	263
E–8	278
E–9	[1] 291
W–1	269
W–2	280
W–3	289
W–4	304
O–1	269
O–2	278
O–3	298
O–4	316
O–5	347
O–6	391
O–7	423
O–8	463
O–9	498
O–10	[2] 544

[1] "If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by sec. 402 of this title, the widow's rate shall be $313.

[2] "If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, or Commandant of the Marine Corps, at the applicable time designated by sec. 402 of this title, the widow's rate shall be $583.

"(b) If there is a widow with one or more children below the age of eighteen of a deceased veteran, the dependency and indemnity compensation paid monthly to the widow shall be increased by $26 for each such child.

"(c) The monthly rate of dependency and indemnity compensation payable to a widow shall be increased by $64 if she is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person."

SEC. 3. Section 413 of title 38, United States Code, is amended to read as follows:

"Whenever there is no widow of a deceased veteran entitled to dependency and indemnity compensation, indemnity compensation shall be paid in equal shares to the children of the deceased veteran at the following monthly rates:

"(1) One child, $107.

"(2) Two children, $154.

"(3) Three children, $200.

"(4) More than three children, $200 plus $39 for each child in excess of three."

SEC. 4. (a) Subsection (a) of section 414 of title 38, United States Code, is amended by striking out "$55" and inserting in lieu thereof "$64".

(b) Subsection (b) of section 414 of such title is amended by striking out "$92" and inserting in lieu thereof "$107".

(c) Subsection (c) of section 414 of such title is amended by striking out "$47" and inserting in lieu thereof "$55".

SEC. 5. Section 322(b) of title 38, United States Code, is amended to read as follows:

"(b) The monthly rate of death compensation payable to a widow or dependent parent under subsection (a) of this section shall be increased by $64 if the payee is (1) a patient in a nursing home or (2) helpless or blind, or so nearly helpless or blind as to need or require the regular aid and attendance of another person."

SEC. 6. (a) Section 342 of title 38, United States Code, is amended by striking out "equal" and all that follows down through the end thereof and inserting in lieu thereof "those specified in section 322 of this title".

(b) Section 343 of such title is hereby repealed.

(c) The table of sections at the beginning of subchapter V of chapter 11 of title 38, United States Code, is amended by striking out the following:

"343. Conditions under which wartime rates are payable.".

SEC. 7. Section 410(a) of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall pay dependency and indemnity compensation to the widow, children, and parents of any veteran who dies after December 31, 1956, and who—

"(1) dies from a service-connected or compensable disability;

"(2) was discharged or retired for a service-connected disability permanent and total in nature and at the time of his death in receipt of or entitled to receive compensation for a service-connected disability permanent and total in nature; or

"(3) was at the time of his death in receipt of or entitled to receive compensation for a service-connected disability permanent and total in nature and had been in receipt of or entitled to receive such compensation for a period of twenty years or more.

Notwithstanding the foregoing, where death occurs as a result of accidental causes having no relationship to the service-connected disability, this subsection (a) shall not apply. The standards and criteria for determining whether or not a disability is service-connected shall be those applicable under chapter 11 of this title."

SEC. 8. This Act shall take effect on May 1, 1974.

By Mr. MOSS (for himself, Mr. HUMPHREY, Mr. BURDICK, Mr. YOUNG, and Mr. BAYH):

S. 3073. A bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants. Referred to the Committee on Labor and Public Welfare.

AMENDMENT TO THE HIGHER EDUCATION ACT

Mr. MOSS. Mr. President, on behalf of myself, and Senators HUMPHREY, BURDICK, YOUNG, and BAYH, I introduce a bill to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants.

The Basic Educational Opportunity Grant—BEOG—included in the Higher Education Act of 1965 as amended in 1972, provides financial aid for higher education for many needy college students. However, a problem exists where an eligible applicant for a BEOG receives social security. This bill will correct this problem.

Currently, the BEOG section of Public Law 92–318 lessens the grant amount receivable for individuals who receive social security payments. Since the law provides that college students receiving social security payments must use them only for education, many capable students who come from low income families cannot go to post high school institutions because of the extra food and other necessities the social security payments help provide. To meet everyday expenses for them and their families, the potential students have found it more profitable to get a job immediately upon graduation from high school and forfeit social security payments that would enable them to continue their education if additional financing was available.

Students who receive part of their income from social security, and who come from low and moderate income families, should have the opportunity to use some of their social security benefits to meet basic family expenses as well as college expenses. Many students from families with less than $9,000 annual income find it very difficult, if not impossible, to attend a posthigh school institution due to this regulation.

This does not mean that certain individuals who secure a job upon graduation from high school will contribute less to society than the college educated individual. But no qualified student, because of financial reasons, should be denied the right to a higher education.

President Nixon, in his education message of 1974, recognized the worth of the BEOG and the need to expand this program. He said:

An education beyond high school is a major goal of many young Americans today. In recent years, however, the cost of college or other training has threatened to price this dream beyond the means of many families. This Administration is committed to the goal that no qualified student should be denied a college education because of a lack of funds.

The President asked that the fiscal year 1974 budget of $475 million be increased to $1.3 billion in fiscal year 1975.

This bill provides an opportunity to meet the commitment stated by the President. This bill would prevent social security payments from being counted as effective income for the student if the effective family income of the student is less than $9,000. If the effective family income of the student is between $9,000 and $15,000, one-half of the amount re-

ceived by the student from social security would be considered as effective income for such student. If the effective family income of the student is over $15,000, all social security payments will be considered as effective income for the student.

Examples of the need for this legislation can be given. Two which have recently come to my attention involve two students from families with effective family incomes of $4,188 and $5,665, respectively. These students obviously need some type of financial aid to meet their college expenses. After computation, each student should have been eligible for a BEOG of $452 per year. But, because each student was a recipient of social security payments, each was able to receive a BEOG of only $59 per year. It is impossible for most students from families with the above income to meet higher education expenses on a grant of $59.

I agree entirely with the views of the financial aids officer from the Utah college attended by these students. He observes:

Families with low incomes like these should have some leeway where all of the students' Social Security benefits are not required to be counted directly for college, but allow some to meet family expenses.

Where social security payments are not counted as effective family income under certain conditions, students are entitled to a maximum of $1,400 per year.

This legislation would increase the President's suggested fiscal year 1975 BEOG budget by approximately 15 percent. It would affect an estimated 150,000 students who are eligible for basic education opportunity grants and who receive social security payments. These individuals are full-time students between the age of 18 and 22. They are the children of retired workers, survivors, or disabled workers.

The contribution of most individuals to society increases as some additional special training beyond high school is obtained. This legislation would provide for this special training. The increased tax revenue that would accrue due to the additional training received by post-high school students and resulting salary increases would more than offset the cost of the BEOG awarded to a student.

The Office of Education recognizes the need for legislation in this area. And the National Association of Student Financial Aid Administrators supports this legislation.

I ask unanimous consent that a letter from Mrs. Eunice L. Edwards, president, NASFAA, in support of this legislation be printed in the RECORD.

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

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS,
Washington, D.C., February 22, 1974.

Senator FRANK E. MOSS,
New Senate Office Building,
Washington, D.C.

DEAR SENATOR MOSS: Thank you for providing us with a copy of your proposed legislation to amend the Basic Education Opportunity Grant program. The financial aid community has been concerned about the treatment of Social Security benefits since the beginning of the program, and we are pleased that you have taken the leadership in attempting to resolve the situation whereby many extremely needy students are being denied access to a program designed particularly for individuals in their financial circumstances.

While we have not had an opportunity to adequately evaluate the precise impact of our proposal upon the eligibility of various classes of students for the Basic Grant, we applaud its introduction and feel confident that the hearings and deliberation which follow will generate an appropriate resolution to the problem. We look forward to further participation in that dialogue.

Our only concern would be the hope that any modification along this line would carry an effective date to apply to the 1975–76 program operation, in as much as any change in the treatment for 1974–75 would further delay the already late processing and awarding of Basic Grant applications.

Respectfully yours,
(Mrs.) EUNICE L. EDWARDS,
President.

Mr. MOSS. I strongly urge all Senators to support this legislation in order that the necessary additional education opportunities for many capable individuals will become a reality.

Mr. President, I ask unanimous consent that the text of this bill to amend the Higher Education Act of 1965 be printed in the RECORD.

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

S. 3073

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) division (iv) of section 411(a)(3)(B) of the Higher Education Act of 1965 is amended to read as follows:

"(iv) In determining the expected family contribution with respect to any student, the following rules shall apply with respect to amounts paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student:

"(I) If the effective family income of that student is less than $9,000 for such year, none of such amount shall be considered as effective income for such student.

"(II) If the effective family income of that student exceeds $9,000 but is less than $15,000 for such year, one-half of such amount shall be considered as effective income for such student.

"(III) If the effective family income for that student is $15,000 or more for such year, any such amount shall be considered as effective income for such student.

In determining the expected family contribution with respect to any student, one-half of any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be considered as effective income of such student.".

(b) The amendment made by this Act shall take effect with respect to basic educational opportunity grants made after the effective date of this Act.

By Mr. CLARK:

S. 3074. A bill to authorize the Commissioner of Education to make grants for teacher training, pilot and demonstration projects, and comprehensive school programs, with respect to health education and health problems. Referred to the Committee on Labor and Public Welfare.

COMPREHENSIVE SCHOOL HEALTH EDUCATION ACT

Mr. CLARK. Mr. President, 3 years ago the President's Committee on Health Education criticized the absence of a comprehensive program of health education and preventive health habits in this country.

The committees report noted that of the $75 billion Americans annually spend on health care, 93 percent goes for the treatment of illness, 5 percent for research, 2 percent for prevention, and just one-half of 1 percent for health education. It stressed that both the quantity and quality of elementary school health education are seriously deficient—a conclusion which means that children receive precious little in the way of helpful information in their first 10 years of life about forming lifelong habits of proper health care.

This void is particularly dangerous in this modern television age. It has been estimated that on the average a child sees about 25,000 television commercials each year; 20 to 40 percent of those commercials involve edible products, and their central theme is often foods with a high sugar content. That is how sugar—once just a seasoning—has been transformed into a major ingredient of the American diet. As Peggy Charren, president of Action for Children's Television testified before the Senate Committee on Nutrition testified last March:

Many of you on this Committee are clearly cognizant of the harmful effects of the sugar-rich diet, which prevails in this country. There can be no doubt that this diet is a habitual form of behavior, that it is learned during childhood, and that it is unlearned only with extreme difficulty . . . In spite of this . . . the list of products sold to children over television is dominated by the four most cariogenic groups of foods: Caramel, chocolate, cookies, and pastry.

It is not surprising then, that almost every child in this country suffers from tooth decay. Obesity, protein and vitamin deficiencies, and increased susceptibility to heart disease also are related to sugar-rich diets. Either because of a lack of knowledge, a lack of time, or a lack of money, the majority of parents are unable to offset the harmful habits developed from the thousands of commercials that bombard children. And for the same reasons, the educational system has failed to counteract these habits.

Mr. President, the record of the Federal Government in response to this problem is abysmal. The primary legislation in the area of health education in public schools is section 808 of the Elementary and Secondary Education Act of 1965—a program of meager financial resources, restricted to low-income neighborhood schools, and scheduled to expire with the act.

It is time to close this gap immediately to take a positive step toward improving the quality of life in this country. That is why I am introducing the "Comprehensive School Health Education Act."

It would establish a 3-year program to encourage the Development of sound health habits in children. The act would

cover the areas of dental health, disease control, environmental health, family life and human development, human ecology, mental health, nutrition, physical fitness, safety and accident prevention, smoking and health, substance abuse, and venereal disease. The goal of better health education would be accomplished by providing three kinds of grant: for teacher training, pilot and demonstration projects, and comprehensive school programs for health education.

Under the first type of grant, the Commissioner of Education would distribute direct grants to State education agencies and higher education facilities to develop and conduct training programs for elementary and secondary education teachers. The bill authorizes $10 million in fiscal 1975, $12.5 million in 1976, and $15 million in 1977—$37.5 million total—for this purpose, and the funds would be allocated by the Commissioner to achieve a reasonable and equitable geographic distribution.

A second section of the bill provides for direct grants from the Commissioner to State and local education agencies for pilot and demonstration projects. These grants would be available for the development and evaluation of curricula on health education and health problems, the dissemination of successful curricula, and preservice and inservice training programs—institutes, workshops, and seminars for teachers, counselors, and other educational personnel. The bill calls for a total of $52.5 million—$15, $17.5, and $20 million for fiscal years 1975–77 respectively—to initiate these pilot and demonstration projects.

The third provision establishes grants for State and local educational agencies for the development of comprehensive programs in elementary and secondary schools in health education and health problems. The bill authorizes $50 million for this and 40 percent of which is to be distributed equally to the States with the remaining 60 percent to be allocated on the basis of school population.

Mr. President, this bill is a companion measure to one being introduced in the House today by Congressman LLOYD MEEDS, a member of the Select Subcommittee on Education of the House Education and Labor Committee, and 36 cosponsors. Representatives of the National PTA, health and education specialists, and other experts were instrumental in drafting the provisions of this bill. This legislation is a comprehensive measure which is long overdue. I urge the Senate to take prompt and affirmative action on it.

By Mr. GURNEY:

S. 3076. A bill to amend title 38, United States Code, to increase the rates of vocational rehabilitation, educational assistance, and training assistance allowances paid to veterans and other persons, and for other purposes;

S. 3077. A bill to amend title 38, United States Code, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans; and

S. 3078. A bill to amend chapter 37 of the maximum limitations on loans made or guaranteed under such chapter for title 38, United States Code, to increase the purchase of homes, and for other purposes. Referred to the Committee on Veterans Affairs.

Mr. GURNEY. Mr. President, I have today the pleasure of introducing three measures which, if passed, will assist many of our Nation's veterans and their families.

There as been a lot of talk these days about the high cost of education. Like many of my colleagues, I feel that there is an urgent need for an increase in educational benefits for Vietnam era veterans. The need is not based on the rising cost of living, although that too plays a part, instead, this real need stems from the incredibly high cost of education.

I am, therefore, introducing a Vietnam veterans educational assistance bill. This measure, quite simply, would increase the vocational rehabilitation allowance for veterans from the current $170 a month to $193. A veteran with one dependent would receive $240, with two dependents $282 and an additional $20 for each additional dependent.

The educational assistance allowance, which is $220 per month under current law, would rise to $250 per month. A veteran with one dependent would receive $297, with two dependents $339, with more than two an extra $20 for each additional dependent.

Unlike some of the other measures which have been introduced recently, my bill would also provide for increases in war orphans and widows educational assistance along the lines of those provided for the veterans themselves.

Benefits available for special restorative training will go up from $220 per month to $250. Apprenticeship or on-the-job training benefits, currently $160 for the first 6 months, wil increase to $180 for the first 6 months under my bill.

Last, this bill provides for an extension of the time period for utilizing these benefits by another 2 years. Veterans would then have a full 10 years to use the benefits, rather than 8 years as under current law.

Again, I am not introducing this bill because of rises in the cost of living. The GI bill instituted after World War II virtually paid for a veterans' education. What we have today would not even begin to pay for a college education. My bill seeks to bring us back to where we were once before when we provided our veterans with a decent education.

Significantly, my bill is not all that different from several educational assistance bills which have already been introduced in this body. It differs primarily in that it benefits widows of veterans, wives of totally disabled veterans, and wives of our men still missing in action, as well as war orphans.

I want to emphasize here that I am introducing this as an alternative rather than as competitor to the other bills that have been introduced—some of which I have cosponsored. It is my hope that we can act on this subject with all due haste since the time period for using these benefits will be running out for many veterans at the end of May.

I cannot emphasize enough my belief we must move on with this matter. I would like to see my bill passed, of course, but I want to emphasize my support for adequate legislation of this nature whether it is mine or someone else's. I am sure the majority of my colleagues feel the same way, and I certainly invite their support.

I am also introducing two bills which will, if passed, assist veterans in another very important area: housing. The first is very simple. It provides for an increase in the maximum grant payable for specially adapted housing from the current $17,500 to $20,000. This $20,000, which is a gift and not a loan or an insured loan, is specifically for veterans who have lost, or lost the use of, their lower extremities. As we know, the veteran confined to his wheelchair needs ramps instead of stairs as well as wider hallways and bigger doors in order to navigate. With the rising housing costs these days, I think the need for an increase in this maximum amount available to a veteran for specially designed housing is evident. While inflation has brought about an increase in the cost of everything, nowhere have costs risen so rapidly as in housing.

For example, in December 1973, the median price of a new single family dwelling had risen to $35,300, or about 19 percent above a year earlier. Interest rates, too, are measurably higher than a year ago, up to a full percentage point higher.

I am told that part of the reason for higher housing costs stems from the higher quality of new homes. This in turn emphasizes the need to be able to obtain low downpayment housing loans, such as those available under the VA housing program.

My third bill would expand the VA housing program substantially for all veterans and their families. It increases the maximum limitations on loans made or guaranteed for the purchase of homes by 20 percent. In view of the fact that housing costs are up 19 percent over a year ago. I feel a 20-percent increase in VA loan guarantees is necessary at this time.

In closing, I invite the support of my colleagues on these three bills, since their need is evident and the beneficiaries more than worthy.

I ask unanimous consent to have all three bills printed at the end of my remarks, along with an article which appeared in the Veterans of Foreign Wars magazine, which expresses in very strong terms the need for increases in the educational allowances for Vietnam veterans.

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

S. 3076

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the table contained in section 1504(b) of title 38, United States Code, is amended to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$193	$240	$282	$20
Three-quarter time	145	180	212	15
Half-time	97	120	141	10
Farm cooperative, apprentice, or other on-job training:				
Full-time	168	203	235	16".

SEC. 2. Chapter 34 of title 38, United States Code, is amended as follows:

(1) By striking out "$200" in the last sentence of section 1677(b) and inserting in lieu thereof "$250".

(2) By amending the table in paragraph (1) of section 1682(a) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$250	$297	$339	$20
Three-quarter time	188	223	255	15
Half-time	145	149	169	10
Cooperative	202	236	268	16".

(3) By striking out "$220" in section 1682(b) and inserting in lieu thereof "$250".

(4) By amending the table in paragraph (2) of section 1682(c) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Basis	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Full-time	$202	$236	$268	$16
Three-quarter time	151	176	202	12
Half-time	101	118	134	8".

(5) By striking out "$220" in section 1696 (b) and inserting in lieu thereof "$250".

SEC. 3. Chapter 35 of title 38, United States Code, is amended as follows:

(1) by amending section 1732(a)(1) to read as follows:

"(a)(1) The educational assistance allowance on behalf of an eligible person who is pursuing a program of education consisting of institutional courses shall be computed at the rate of (A) $250 per month if pursued on a full-time basis, (B) $188 per month if pursued on a three-quarter-time basis, and (C) $145 per month if pursued on a half-time basis.";

(2) by deleting in section 1732(a)(2) "$220" and inserting in lieu thereof "$250";

(3) by deleting in section 1732(b) "$177" and inserting in lieu thereof "$202"; and

(4) by amending section 1742(a) to read as follows:

"(a) While the eligible person is enrolled in and pursuing a full-time course of special restorative training, the parent or guardian shall be entitled to receive on his behalf a special training allowance computed at the basic rate of $250 per month. If the charges for tuition and fees applicable to any such course are more than $79 per calendar month, the basic monthly allowance may be increased by the amount that such charges exceed $79 per month, upon election by the parent or guardian of the eligible person to have such person's period of entitlement reduced by one day for each $8.80 that the special training allowance paid exceeds the basic monthly allowance."

SEC. 4. Chapter 36 of title 38, United States Code, is amended as follows:

(1) by deleting in section 1786(a)(2) "$220" and inserting in lieu thereof "$250";

(2) by amending the table contained in paragraph (1) of section 1787(b) to read as follows:

"Column I	Column II	Column III	Column IV	Column V
Periods of training	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
First 6 months	$180	$199	$213	$9
Second 6 months	135	159	173	9
Third 6 months	90	119	123	9
Fourth and any succeeding 6-month periods	45	79	93	9";

and

(3) by amending paragraph (2) of section 1787(b) to read as follows:

"(2) The monthly training assistance allowance of an eligible person pursuing a program described under subsection (a) shall be (A) $180 during the first six-month period, (B) $135 during the second six-month period, (C) $90 during the third six-month period, and (D) $45 during the fourth and any succeeding six-month period."

SEC. 5. (a) Section 1662(a) of title 38, United States Code, is amended by striking out "eight years" and inserting in lieu thereof "ten years".

(b) Section 1662(b) of such title is amended by striking out "8-year" and inserting in lieu thereof "10-year".

(c) Section 1662(c) of such title is amended by striking out "8-year" and "eight-year" and inserting in lieu thereof (in each case) "10-year".

SEC. 6. The amendments made by this Act shall become effective on the first day of the first calendar month following the month in which this Act is enacted.

SEC. 7. (a) Section 1712(b) of title 38, United States Code, is amended by striking out "eight years" and inserting in lieu thereof "ten years".

(b) Section 1712(f) of such title is amended by striking out "eight years" and inserting in lieu thereof "ten years".

S. 3077

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 802 of title 38, United States Code, is amended by striking out "$17,500" and inserting in lieu thereof "$20,000".

S. 3078

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1803 (b) of title 38, United States Code, is amended to read as follows:

"(b) Except as provided in sections 1810, 1811, and 1819 of this title, the aggregate amount guaranteed shall not be more than $2,400 in the case of non-real-estate loans, nor $4,800 in the case of real-estate loans, or a prorated portion thereof on loans of both types or combination thereof. The liability of the United States under any guaranty, within the limitations of this chapter, shall decrease or increase pro rata with any decrease or increase of the amount of the unpaid portion of the obligation."

SEC. 2. Section 1810 (c) of title 38, United States Code, is amended by striking out "$12,500" and inserting in lieu thereof "$15,000".

SEC. 3. (a) Paragraph (2)(A) of section 1811 (d) of title 38, United States Code, is amended to read as follows:

"(2)(A) Except for any loan made under this chapter for the purposes described in section 1819 of this title, the original principal amount of any loan made under this section shall not exceed an amount which bears the same ratio to $25,200 as the amount of guaranty to which the veteran is entitled under section 1810 of this title at the time the loan is made bears to $15,000; and the guaranty entitlement of any veteran who heretofore or hereafter has been granted a loan under this section shall be charged with an amount which bears the same ratio to $15,000 as the amount of the loan bears to $25,200; except that the Administrator may increase the $25,200 limitation specified in this paragraph to an amount not to exceed $30,000 where he finds that cost levels so require."

(b) Paragraph (3) of section 1811(d) of such title is amended to read as follows:

"(3) No veteran may obtain loans under this section aggregating more than $25,200; except that the Administrator may increase such aggregate amount to an amount not to exceed $30,000 where he finds that cost levels so require."

SEC. 4. Section 1819(d)(2) of title 38, United States Code, is amended by—

(1) striking out "$10,000" in clause (A) and inserting in lieu thereof "$12,000";

(2) striking out "$15,000" and "$10,000" in clause (B) and inserting in lieu thereof "$18,000" and "$12,000", respectively; and

(3) striking out "$17,500" and "$10,000" in clause (C) and inserting in lieu thereof "$21,000" and "$12,000", respectively.

[From V.F.W. Magazine, February, 1974]

VIETNAM VETS DESERVE FAIR SHAKE

(By Ray R. Soden)

Not long after it was evident the Vietnam war was drawing to a close Congress directed the Veterans Administration to undertake an independent study to determine whether the Vietnam veteran was receiving educational benefits similar to those granted his comrades of past wars.

Congress had heard the plea of the V.F.W. which had been fighting for educational support for veterans since World War II and had also felt the hot breath of the returned Vietnam veteran asking for his fair shake. Congress required the VA to document the educational assistance provided under the three

GI Bills and to reach conclusions concerning the information gathered.

On balance, the report indicates, "In general, the 'real value' of the educational allowance available to veterans of World War II was greater than the current allowance being paid to veterans of the Vietnam Conflict . . ."

The Administrator of Veterans Affairs took issue with the study contracted by his own agency to evaluate the adequacy of its educational assistance. He notified Congress the "VA does not agree that a major change should be made in the nature of the GI educational assistance."

Let us look at the findings of this independent group who analyzed the assistance provided veterans of three wars.

Because World War I veterans received no educational assistance, the V.F.W. and others pressed for a GI Bill for the veterans of World War II.

WWII veterans received a monthly subsistence of $75 plus up to $500 a year for tuition, fees and books for a maximum of 48 months. This permitted them to attend the school of their choice. The Korean War veteran received $110 a month. From this amount, he paid the costs of his education and subsistence up to 36 months.

In 1955, all educational assistance ceased in spite of the continued draft of the so-called Cold War soldier and the disruption of his normal pursuits. During the 10-year period it took for the Vietnam GI Bill to be passed, the V.F.W. continuously urged that these soldiers be extended educational benefits. When the present GI Bill became law, the V.F.W. succeeded in having it cover all veterans, including the period from 1955.

The Vietnam GI Bill initially provided almost the same assistance as the Korean GI Bill. Later it was raised to $220 per month for a maximum of 36 months.

In any discussion of similarity of benefits, it is necessary to measure changes in the cost of an education as well as studying the Consumer Price Index (CPI) which reflects fluctuations in all aspects of the economy. The question to be asked is what type of education is available to the Vietnam veteran on the basis of current benefits? The CPI has not quite doubled since World War II, but tuition and fees at a four-year public college have more than doubled, while at four-year private institutions they have gone up more than five times. Obviously, the Vietnam veteran cannot afford to attend a private college.

In trying to refute the report, the VA was quick to point out that over 80% of all Vietnam veterans are attending a public school and that the report stated, "It is apparent that the average Vietnam veteran attending a 4-year public or 2-year private institution has educational benefits slightly higher than his World War II counterpart when adjustments for changes in the CPI are made."

However, the VA failed to quote the next sentence which reads, "It may well be that this slight gain is overstated for it does not take into account the fact that the World War II veteran was often able to take advantage of low-cost veterans' housing and many other special services that are generally not available to the veterans of the Vietnam Conflict." The VA also failed to point out that with private schools raising costs fivefold, the veteran could attend only public schools.

Another measure of similarity of benefits is additional income available to the veteran to supplement the GI Bill payments in order to pay costs of college and to live. The report found, "It is apparent that inflation and a raising standard of living have taken their toll on the Vietnam veterans benefits and that his 'real' ability to purchase post-secondary education has diminished with respect to his World War II counterpart."

More importantly, the report concludes: "When estimated 9-month resources available to the veteran for the 1972–1973 academic year are compared with his estimates of living expenses for a similar period; only the married veteran with a working wife has sufficient additional resources to meet the average expenses . . ."

It should be clear to all, contrary to the VA Administrator, that a major change is necessary so that the Vietnam veteran receives educational assistance similar to that received by other veterans. The V.F.W. stands firmly for the following principles:

Each veteran should have sufficient educational assistance under the GI Bill to attend the school of his choice, private or public.

There must be an increase in assistance rates to enable the veteran to obtain an education.

The maximum period of schooling should be extended to 48 months to equal that given to veterans of World War II.

The eligibility period after separation from service should be extended from eight years to nine as it was for the World War II veteran.

The V.F.W. will continue to champion the rights of veterans. We will never rest until all veterans have the same opportunities.

By Mr. RANDOLPH:

Senate Joint Resolution 193. A joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week." Referred to the Committee on the Judiciary.

NATIONAL EMPLOY THE OLDER WORKER WEEK

Mr. RANDOLPH. Mr. President, I introduce for appropriate reference, a joint resolution to authorize the President to designate the second full week in March as "National Employ the Older Worker Week."

This resolution is patterned after Senate Joint Resolution 49, which I introduced last year with widespread bipartisan support. The essence of that proposal was later enacted into law—Public Law 93–10—on March 15, 1973.

Because the commemoration of special weeks is done on a yearly basis, I am again introducing this same resolution.

This measure now takes on added importance because the energy crisis has already produced massive layoffs for middle-aged and older workers. During the past 4 months alone, unemployment for persons 45 and above has increased by 131,000, for almost an 18 percent jump. All too often the mature worker discovers that he is the first to be fired and the last to be hired. Moreover, many have not only lost their jobs but their pension coverage as well.

Over the years the American Legion has been in the forefront in promoting employment opportunities among older Americans. As a result, many jobs—formerly barred to persons in their forties, fifties, and beyond—have been opened.

In fact, since 1959 the American Legion has designated a particular week during each year to make the public aware of the advantages of hiring the mature worker. At first, the Legion selected the first full week in May as "Employ the Older Worker Week." Last year the observance of this week was changed to the second full week in March. The primary reason for this change was to avoid any possible interference with youth employment promotional programs, which are conducted extensively during the month of May.

Once more, I want to pay special tribute to the American Legion for its outstanding and effective leadership in encouraging public and private employers to hire older workers.

The need for continuation of these meritorious efforts is as essential today as it was last year. In many respects the reasons are even more compelling.

Unfortunately, many false stereotypes still exist about the capabilities of older workers.

Educational efforts can, however, inform the public about the many advantages of hiring middle aged and older persons. Such a campaign can also make our Nation aware of the many attributes and true capabilities of persons 40 and above. As a group, these individuals have a vast reservoir of talent, experience, and knowledge.

Several studies have also revealed that their performance on the job is as good or better than their younger counterparts. Hearings by the Subcommittee on Employment and Retirement Incomes—of which I am chairman—have provided very persuasive evidence to suggest that the attendance of older workers is likely to be better than that of younger persons. Moreover, they are less likely to change jobs. And, they are less likely to be absent for trivial reasons.

"Ageism" in employment can be just as cruel and self-defeating as other forms of discrimination. No nation can ever hope to achieve its full potential if some of its most productive and energetic workers are forced prematurely into earlier and earlier retirement. I have always maintained that our Nation has much more to gain through the development of a sound and comprehensive manpower policy to maximize job opportunities for all age groups, the young as well as the old.

One of the essential ingredients for this policy is to remove the roadblocks which deny job opportunities for older workers.

My resolution, it seems to me, can be helpful in this respect—by creating a more favorable climate for the employment of middle aged and older persons.

Mr. President, I urge the adoption of my proposal and ask unanimous consent that it be printed at this point in the RECORD.

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

S.J. RES. 193

Joint resolution to provide for the designation of the second full calendar week in March 1974 as "National Employ the Older Worker Week"

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the second full calendar week in March of 1974 as "National

Employ the Older Worker Week", and calling upon employer and employee organizations, other organizations officially concerned with employment, and upon all the people of the United States to observe such week with appropriate ceremonies, activities, and programs designed to decrease discrimination in employment because of age.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 2495

At the request of Mr. MANSFIELD (for Mr. MAGNUSON) the Senator from Florida (Mr. CHILES) 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 the National Aeronautics and Space Administration to the solution of domestic problems, and for other purposes.

S. 2650

At the request of Mr. CRANSTON, the Senator from Rhode Island (Mr. PELL) was added as a cosponsor of S. 2650, the Solar Home Heating and Cooling Demonstration Act.

S. 2958

At the request of Mr. CURTIS, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 2958, to amend title XI of the Social Security Act to repeal the recently added provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs.

S. 3006

At the request of Mr. PROXMIRE, the Senator from Utah (Mr. MOSS) was added as a cosponsor of S. 3006, the Fiscal Note Act.

SENATE JOINT RESOLUTION 189

At the request of Mr. HARRY F. BYRD, JR., the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of Senate Joint Resolution 189, to restore posthumously full rights of citizenship to Gen. R. E. Lee.

SENATE RESOLUTION 292—SUBMISSION OF A RESOLUTION REQUIRING "BIG SHOTS" TO STAND IN LINE TOO

(Ordered to lie over under the rule.)

Mr. PROXMIRE submitted the following resolution:

S. RES. 292

Resolved, It is the sense of the Senate that:

No Member of the Congress;

No Member of the Cabinet or head of any Government Agency;

No person of the rank of Under Secretary or Assistant Secretary in an Executive Department;

No member of the White House staff or Executive Office of the President; and

No official of the rank of Vice President, or above, of Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell oil companies;

Shall for a period of one hundred eighty days use any form of private or governmental automotive transportation (except public bus or taxi services) unless such official shall have affirmed in writing that the fuel for such vehicle used in transit to and from his regular place of business was acquired personally at the stated price from a service station or other facility which makes fuel available to the general public.

(The remarks Senator PROXMIRE made when he submitted his resolution appear later in the RECORD under the appropriate heading.)

ADDITIONAL COSPONSOR OF A RESOLUTION

SENATE RESOLUTION 272

At the request of Mr. HUGH SCOTT, the Senator from Pennsylvania (Mr. SCHWEIKER) was added as a cosponsor of Senate Resolution 272, to disapprove certain pay recommendations of the President.

SENATE CONCURRENT RESOLUTION 71—SUBMISSION OF A CONCURRENT RESOLUTION RELATING TO AVAILABILITY OF ARTS FOR ALL AMERICANS

(Referred to the Committee on Labor and Public Welfare.)

ACCESS TO THE ARTS

Mr. PERCY. Mr. President, I am pleased to introduce today a concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physical handicaps. And I am equally pleased that Congressman WILLIAM COHEN is today introducing a similar resolution in the House of Representatives.

In my continuing effort to work for the removal of architectural, transportational, and attitudinal barriers that still confront the handicapped in this country, I have found growing public awareness of the problem but slow progress in the changes that are necessary to assure our handicapped citizens equal access to the mainstream of American life. I was, therefore, highly encouraged to see that the National Council on the Arts, under the capable leadership of Nancy Hanks, has unanimously adopted a resolution calling upon the National Endowment for the Arts to provide the necessary leadership to make cultural facilities and activities accessible to Americans who are physically handicapped.

To be isolated from the beauty and stimuli of the arts is to be cut off from what this country is all about. The National Council on the Arts expresses it very well:

The arts are central to what society is and what it can be.

But the physically handicapped have generally suffered such isolation, for until now, cultural facilities and programs have generally not been accessible to the physically handicapped American, and little attention has been paid to the difficulties they face in their efforts to enjoy the growing wealth of cultural activities that our Nation has to offer.

Wheelchair users are unable to climb stairs, navigate narrow aisles, or be seated in most theaters. The blind cannot see the masterpieces at the National Gallery, the Calder stabile in the Chicago Federal Plaza, or the ballet at the Kennedy Center. The deaf cannot enjoy the National Symphony, an Edward Albee play, or a radio or television broadcast.

Surmounting all of these difficulties in allowing the handicapped to enjoy art will require something of a cultural revolution. But surmounting some of them can be accomplished with existing concepts, facilities, and technology, and we should undertake such efforts right now. Although we are not yet able to allow the blind to "see" visual artworks or the deaf to "hear" auditory performances, we do have the potential capability to allow the physically handicapped to attend and participate in the variety of cultural activities available.

We in Congress have already approved Public Law 90–480, a law requiring public buildings utilizing Federal funds to be accessible to the handicapped. We need now only to focus public attention on enforcing that law and on cooperating with its spirit to assure that efforts will be made nationally to improve the availability of the arts and humanities to the physically handicapped. I believe this resolution will assist us in reaching that goal.

Mr. President, I ask that the concurrent resolution be included at this point in the RECORD. I would also like to share with my colleagues and include a letter from Nancy Hanks, Chairman of the National Endowment for the Arts, in support of the resolution.

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

S. CON. RES. 71

Concurrent resolution expressing the sense of Congress that the arts should be available to all Americans, including those who suffer physical handicaps

Whereas access to the arts is a right and not a privilege of all Americans;

Whereas the arts are central to what our society is and what it can be;

Whereas no citizen should be deprived of the beauty and the insights into the human experience that only the arts can impart;

Whereas cultural institutions and individual artists can make a significant contribution to the lives of citizens who are physically handicapped; and

Whereas the Act of August 12, 1968 (Public Law 90–480) already requires that public buildings constructed, leased, or financed in whole or in part by the Federal Government be accessible to the handicapped: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) the National Endowment for the Arts should take a leadership role in advocating special provisions for the handicapped in cultural facilities and programs;

(2) private interests and governments at the State and local levels should take into account the intent of Congress in passing Public Law 90–480 when building or renovating cultural facilities;

(3) the National Endowment for the Arts and all of the program areas within the Endowment should be mindful of the intent and purposes of Public Law 90–480 and of this resolution as they formulate their own

guidelines and as they review proposals from the field; and

(4) all individuals and groups associated with production and presentation of cultural activities should give consideration to all the ways in which they can further promote and implement the goal of making cultural facilities and activities accessible to Americans who are physically handicapped.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Chairman of the National Endowment for the Arts and to the Governor of each State.

NATIONAL ENDOWMENT FOR THE ARTS,
Washington, D.C., January 31, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PERCY: I am responding to your request for our comments on the Concurrent Resolution which you propose to introduce in the Senate, expressing the sense of the Congress that the arts should be available to all Americans, including those who suffer physical handicaps.

We enthusiastically endorse your translation of the National Council on the Arts' resolution on the accessibility of the arts to the physically handicapped into a Concurrent Resolution. I am so pleased that the resolution expresses the goals of the National Council as the goals of the Congress and we sincerely hope that the Congress will see fit to pass it.

Recognition by the Congress of the problems of the handicapped, endorsement of the Endowment's role in advocating special provisions for the handicapped in cultural facilities and programs, and public as well as private cognizance of the intent and purposes of Public Law 90-480, can be instrumental in making this nation aware of its responsibilities and obligations to the physically handicapped and in helping us achieve our mutual goals.

I am happy to inform you that the Endowment is actively engaged in carrying out the National Council's resolution. The Museum guidelines were revised to permit funding of surveys needed by those institutions to ascertain their needs and, already, a grant has been awarded to the Seattle Art Museum for a survey of possible steps which can be taken to make museums more accessible to the handicapped. In addition, a grant has been awarded to the University of Illinois, Chicago Circle, in conjunction with the Rehabilitation Institute of Chicago for a project that will entail choosing a small community outside of Chicago or a small portion of Chicago and developing a model plan for a totally accessible community. The University's Dean of Architecture and the Director of the Institute, Dr. Henry Betts, will act as co-directors of the project. (Incidentally, the initiative for the Council resolution came in good measure from Dr. Betts.) Also the Connecticut Commission on the Arts has passed a resolution similar to the Council's. We hope that many more will follow in the near future.

We know that this is just a beginning, but with the added suport of your proposed resolution, we hope that the Endowment can progress in its efforts to make the arts available to *all* Americans.

My best to you,
Sincerely,

NANCY HANKS,
Chairman.

FAIR LABOR STANDARDS AMENDMENTS OF 1973—AMENDMENT

AMENDMENT NO. 975

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

Mr. BUCKLEY submitted an amendment, intended to be proposed by him, to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENTS

AMENDMENTS NOS. 976 THROUGH 978

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

Mr. STEVENSON. Mr. President, I introduce three amendments to S. 3044.

Amendment No. 976 lowers the general election subsidy for major party candidates from 100 to 50 percent, and makes corresponding reductions in the public financing available to nonmajor party candidates.

Amendment No. 977 broadens the financial disclosure provisions of title IV in the following respects: It subjects primary candidates and candidates for President and Vice President to the disclosure requirements; it requires disclosure of the amounts of income and property taxes paid; and it provides that the first disclosure statements shall be filed 30 days after enactment. As the bill now stands, the first disclosure statements will not be filed until May 1975, unless the bill is enacted prior to April 16, 1974.

Amendment No. 978 overturns Revised Ruling 72-355 and thereby prevents large political contributors from escaping gift tax liability by channeling their gifts through dummy committees. This amendment is identical in substance to S. 2065.

Mr. President, I ask unanimous consent that the texts of these amendments be reprinted at this point in the RECORD.

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

AMENDMENT NO. 976

On page 10, line 19, following the word "to", insert the word "one-half".

AMENDMENT NO. 977

On page 79, strike lines 6 and 7 and insert the following in lieu thereof:

"SEC. 401. (a) Any candidate for nomination for or election to Federal office who,".

On page 79, following line 21, insert the following new subparagraph and renumber subsequent subparagraphs accordingly:

"(1) the amount of each tax paid by the individual, or by the individual and the individual's spouse filing jointly, for the preceding calendar year, *Provided*, That for purposes of this subparagraph 'tax' shall mean any federal, state, or local income tax and any federal, state, or local property tax;".

On page 81, line 9, strike the words "of political parties" and insert the following in lieu thereof: "for nomination for or election to Federal office".

On page 84, strike lines 3-5 and insert the following in lieu thereof:

"(1) The first report required under this section shall be due 30 days after the date of enactment and shall be filed with the Comptroller General of the United States, who shall, for purposes of this subsection, have the powers and duties conferred upon the Commission by this section."

AMENDMENT NO. 978

On page 86, following line 17, insert the following:

"GIFT TAX TREATMENT OF POLITICAL CONTRIBUTIONS"

"SEC. 503. (a) Section 2503(b) of the Internal Revenue Code of 1954 (relating to exclusions from gifts) is amended by adding at the end thereof the following new sentence: 'Gifts made to different political committees which make expenditures (including transfers of funds and contributions by a committee) for the purpose of influencing the nomination or election of any candidate for elective office shall for purposes of this subsection be deemed to have been made to that candidate unless the donor establishes to the satisfaction of the Secretary or his delegate that—

'(1) at the time he made the gift he could not have been reasonably expected to know which candidate would benefit from his gift, and

'(2) at no time did he direct, request, or suggest to the committee, or to any person associated with that committee, that a particular candidate should receive any benefit from his gift.'.

"(b) The amendment made by subsection (a) shall apply with respect to gifts made on or after the date of enactment."

NOTICE OF HEARING ON FERTILIZER SUPPLIES

Mr. McGOVERN. Mr. President, I wish to announce that the Subcommittee on Agricultural Credit and Rural Electrification will hold an additional day of hearings in Omaha, Nebr., on Friday, March 8, 1974, to hear from farmers and local fertilizer dealers regarding the distribution and pricing of fertilizer supplies to farmers.

ADDITIONAL STATEMENTS

SENATOR GOLDWATER'S ADDRESS TO THE BOARD OF DIRECTORS OF THE AMERICAN IRON & STEEL INSTITUTE

Mr. GOLDWATER. Mr. President, several weeks ago, on February 5, to be exact, I had the privilege of speaking before the board of directors of the American Iron & Steel Institute at a meeting here in Washington. At that time, it occured to me that the need for some straight talk aimed at America's corporate heads was perhaps overdue.

As a result, I explained, in pretty stark terms, my great concern that the private competitive enterprise system is poorly prepared to face what I believe may be its greatest threat in the country's 200-year history. I told my distinguished audience that the American business system is faltering under a series of poorly handled shortages and is under attack by those who would like to nationalize all basic enterprise in this country.

Mr. President, I am happy to say my remarks were received enthusiastically by many leaders of the business community who feel as I do. As a result, I have received a great many requests for the text of my remarks and I ask unanimous consent that they be printed in the RECORD.

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

REMARKS BY SENATOR BARRY GOLDWATER OF ARIZONA

Gentlemen: It is a distinct pleasure for me to be here this morning and share with you some of my concerns about the situation faced by the business community in the nation today.

What I am going to say you probably won't like. But, having been around this town for 20 years, I think it is time a former businessman, who has never forgotten his regard and affection for the free enterprise system, to deliver a message to America's corporate heads.

Most industry spokesmen come to Washington to testify before Committees when problems affecting their businesses are especially grave, and for some reason, they invariably present a picture of the most poorly-organized, poorly-informed group of witnesses in the whole spectrum. It is not that they don't understand their businesses, not that they can't articulate the problems—rather it is the attitude they carry with them that prohibits their story from getting across.

Too many of the business spokesmen that I see testify assume that the Members of Congress know little or nothing at all about the subject at hand. This may, in all probability, be true, but what they overlook is the fact that the questions put to them will be questions prepared by brilliant young staff members who mistrust or totally disbelieve the attributes of the enterprise system.

Some of you come here without proper preparation; others come with an abiding faith that the Committee Members you speak to will have an appreciation of the merits of your argument. And too many of you believe that your testimony will get the kind of treatment in the news media that you believe it deserves. It almost seems as though many business heads do not understand that the news media contain some people who do not understand nor trust the free enterprise system and delight in presenting business testimony in an embarrassing or detrimental light.

It is not easy for me to say these things, but I sincerely believe that you gentlemen must understand the problems confronting your reception here in Washington and make plans to meet it—if our free enterprise system is to continue.

Believe me I should like nothing better than to outline for you a rosy picture of an abundant and assured future, not only for the steel industry but for the entire economy. I am sorry that this cannot be done. Frankly I am concerned—deeply concerned—over developments which are only now becoming apparent in the business and governmental picture. I believe that the competitive enterprise is now face to face with one of the greatest threats in this country's 200 year history. The system is faltering under a series of poorly handled shortages, and it is under attack by demagogues who would like to nationalize all basic enterprise in this country.

And right here I should like to warn you that we are headed at this very moment toward a determined drive for more nationalization of our businesses, and it has a greater chance for success than at any time in our history. Now you can ignore the fact, or you can pretend that nationalization is something other than what it really is—you can butter up the term, sweeten it, pour sirup on it, do anything you want with it—but it turns out to be socialism and that is the system that has never done anything for any people.

Of course, today, everyone is talking about the energy crisis. When it comes to oil, the reports of a conspiracy by the large oil companies to drive up profits are so widespread that they are almost impossible to combat. All of a sudden an astonishing number of people have become instant experts on energy matters. They have all of the answers, and they are disinclined to listen to reasonable explanations.

What I am saying is that where oil is concerned the situation has become so personal and so emotional with so many people that the industry spokesmen find themselves under attack on all sides by people who want gasoline for their cars and oil to heat their homes rather than arguments and explanations.

But I did not come here today to discuss the troubles that afflict the oil industry. I came here to warn you that today's energy crisis is tomorrow's steel crisis and the next day's crisis of the enterprise system itself. I came here to tell you I believe that today—not tomorrow—is the time to start making plans to head off a concerted assault on the steel industry. I predict that very shortly you gentlemen may find yourselves on the witness stand accused of conspiring to cause a steel shortage, bring about inflation and increase unemployment. You can expect to be accused of reaping windfall profits at the expense of helpless consumers and taxpayers. And I predict that Congress will be considering a barrage of bills to nationalize your industry or to impose price controls and taxes on your domestic and foreign earnings. Unless you plan ahead you will find yourselves in the same position as the oil industry does today. You will be wondering why you couldn't get your message across to the people and their elected representatives.

When I say today is the time to act, I mean in fact that tomorrow will be too late. For it is today that the competitive enterprise system itself is under seige. Tomorrow, or the next day, it may fall.

During this past decade there has been a determined effort—conceived by patriotic, well-intentioned idealists—to replace the "evils of capitalism" and "big, bad" business corporations, with government controlled corporations operated "by and for the people." These people believe that today is the time to take giant steps forward and launch a major offensive. Their strategy is not a frontal attack at the center, but rather a series of nibbling, piecemeal tactics—what our old nemesis Nikita Khrushchev called salami slicing tactics. Their weapons are the national electronic media networks and the well coordinated regiments of liberal politicians, intellectuals, journalists, and educators.

The opposition believes that the polls offer proof positive that the majority of the people will rally to join their ranks because they have become increasingly disenchanted with and distrustful of business in general and big business in particular.

The business community today has two choices. Either it can go on the defense and dig deeper trenches, or it can mount a counter-offensive. I recommend the second option for the following reasons.

I will give it to you straight: I believe your old strategy has not been successful because you have been operating in a crisis-management mode. Instead of employing bold new initiatives based on a coordinated plan, you have settled into an action-reaction effort—often referred to as the "kneejerk reaction" syndrome. That is not a winning strategy. We tried it in Vietnam and it was a tragic disaster.

As a politician I can tell you the opposition has misjudged the attitudes of the American people . . . sure they're disenchanted and distrustful . . . they have a right to be . . . but they are also confused and concerned. They are thirsting for the facts. They are searching for the truth . . . for example, is the energy crisis real or not? If it is they are willing and anxious to unite and make the necessary sacrifices. This is one of the great strengths of our nation, well documented in the pages of our history books.

A poll was taken recently, that the opposition may have overlooked or ignored, which could prove to be its Achilles Heel. It was conducted by a leading public opinion research firm in New York City, a city which has a reputation for being the most liberal in America. The results were released last month and they reflected a dramatic shift to the right. Thirty-three percent rated themselves conservative; thirty-one as moderate. This indicates to me that maybe I was a little premature in 1964, but I think the public realizes now that many of the liberal "pie-in-the-sky," paternalistic, great society programs simply will not work.

Most of the citizens of America are capitalists themselves. They are stockholders in our largest corporations either directly—more than 32 million—or indirectly through pension and insurance funds. They "own a piece of the rock" and they don't want to see it chipped away into small pieces and pass into oblivion. But too many still do not realize that what helps business provides better opportunities at higher pay for them.

Now if you accept this estimate of the situation as being reasonably accurate, then I suggest that it is time today to build your own "personalized" communications network that stretches from border to border and coast to coast. This is not a difficult task because most people in this country work for you and you work for them. You are part of their community. Most important, they want to listen and they want to believe in you. They sense that they are not getting "the whole truth and nothing but the truth" from the octopus TV screen in their living rooms.

At all times we must bear in mind that we all make mistakes, and today, we can be certain that if we try to sweep them under the rug, we will trip over them sooner or later—and probably sooner.

People know that "nobody's perfect," and they respect anyone who's big enough to admit his errors. Don't try to fool them. The tragedy of Watergate offers ample testimony that they will not accept coverups.

Specifically, I'm suggesting that big business organize "truth teams" to go into the community rooms of the schools, the union clubs and rotary clubs—that they appear on local TV and radio to confront the critics and debate the issues.

Members of these teams should be foremen as well as executives. Above all, they must be articulate salesmen of the true facts. In fact, respected blue collar workers may be more convincing than the board chairmen. They may not have college degrees—Hell, I don't have one!—but they know best how to communicate with their peers. The only equipment and training they need are unvarnished pro and con fact sheets on the major issues—plus an incentive.

And always remember, actions speak louder than words. There is nothing less convincing than a preacher who regales his congregation on the evils of demon rum and then goes out and buys a jug from the local moonshiner—unless it's the businessman who sings the praises of unfettered competitive enterprise, decries government interference in the market place, and then goes to Washington and lobbies for the reverse.

Improving your communications network at the grassroots level is only the first task.

The second is to compete effectively in the crucial market place of ideas . . . and I'm not talking about the Madison Avenue market place. I'm referring to the intellectual market place—the deep-water mainstream of idea formulation which has the most pervasive impact on public attitudes and public policies. Lord Keynes once said that "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood . . . indeed the world is ruled by little else."

When Lyndon Johnson was President he said that most of the "Great Society" programs passed by Congress were developed by scholars whom he had placed on special task forces. If you look at the list of witnesses who appear before our committees in Congress you will find that a large percentage of them are from universities and research institutions.

Business has not only abdicated the intellectual arena to the liberal left but they have also been pouring salt on their own wounds by giving millions of dollars each year to academic institutions who regard free enterprise with contempt. This was one of the major themes of a recent speech by David Packard. I join him in his recommendation that corporations take action to exercise more selectivity in their contributions programs.

The third task for the business community is to use 1974 as a springboard for increased political activity at the local and national levels. You should employ all the legitimate means at your disposal to support candidates

—Who want to improve the competitive enterprise system instead of tearing it down.

—Who are convinced that our system works best with less government interference in the market place rather than more.

Business must play an active role in putting together a strong team in Congress who can break up the disaster lobby, scatter the prophets of doom and dismantle the interventionist bureaucracy.

I'm talking about those people who preach about the "evils of capitalism" instead of its strengths . . . who support more and more federal agencies to regulate business in order to protect "the people" from "the bad guys"—the FTC, FPC, EPA and all the others.

The chilling fact is that the pattern of recent legislation has not been in the public interest. It has been punitive in nature—punitive to the point that the system is half dead already and the lynch mob is clamoring for a noose to strangle what is still alive.

Today the prime target of the disaster lobby is profits, the very life blood of our competitive enterprise system. The word has almost become obscene in our lexicon.

If the opposition can change the word "profit" into a four letter word then they may have a clear field for their drive to nationalize the basic industries. Then profits can be replaced by deficits. We have ample evidence from nations who have already nationalized. The British Railway deficit is more than $200 million a year . . . the German Railway's about $750 million, and the Japanese National Railway has a deficit in the vicinity of $900 million a year . . . in your industry I am told that British steel is losing more than 150 million dollars a year.

Before concluding I want to say a few more words on this subject of profits, because I think it is going to turn into one of the major political issues in the 1974 and 1976 campaigns . . . Yes, it may—or at least it should rank even higher than Watergate in the political arena.

I find it ironic that the American competitive enterprise system, which has produced greater good for more people than any other system in history, is so little understood and appreciated by the vast majority of its beneficiaries. It is surprising how few of our citizens have a clear concept of the key role of profits in fueling economic growth and improving human welfare.

Of equal concern is the strong feeling of many people that the earnings of American business are "excessive." You may recall the results of the Harris Survey last year when only 19 percent of the people thought business was keeping profits at a "reasonable level"—whatever that means! This compares with 46 percent in 1966. And yet, after-tax corporate profits on sales dropped from 5.6 percent in 1966 to about 4 percent last year. What's more, corporate profits as a share of national income dropped from about 13 percent in 1966 to around 9 percent last year, while employee compensation climbed from 70 to 76 percent.

These kinds of statistics are not reaching the public and I suggest that business is partly to blame.

Most corporations prepare profit statements to appeal to security analysts and potential investors. They put emphasis on the percentage profit increase this year versus last year—or this quarter versus last quarter. So even if earnings on sales have only risen from 3 to 4 percent, the year end statement will highlight the fact that profits are up 33 percent. This in turn is translated into banner headlines that the XYZ Corporation is reaping "unconscionable" excess profits.

I know what a dilemma this is for business because of the priority problem to attract investment capital. You must realize, however, that you face an equally formidable task in trying to correct the distortions and misinformation about the size of profits. To do this you must deal with the whole pie and not just one slice of it.

What disturbs me even more than the profit distortions is the lack of understanding of the decisive role of corporate profits on the working of our competitive enterprise system. I recall an article, some years ago, by Ayn Rand. It was entitled: "Profits Are the Root of All Good." This is the message we should put across.

Without adequate profits there would be a crippling lack of the capital formation needed to increase projection to meet increased demand.

As I see it, this is one of the basic economic problems our country faces today and for the remainder of this decade, if profits are held down by price controls, proposed changes in business tax provisions, unrealistic environmental and consumer regulations, and a host of other disincentives for undertaking large capital investment programs to increase productive capacity, then it follows as night the day that shortages and unemployment will spiral upward and we will enter a period of economic stagnation—which is still the worst form of pollution in an industrial society.

If, in our moment of economic peril, we decide to escalate government interference with free market forces, junking what's left of our competitive enterprise system in favor of one that is centrally directed under government control, then all of our freedoms will soon go by the board.

Economic freedom is inseparable from all the other freedoms and liberties we enjoy. It is, in fact, the essential freedom, without which all the rest perish. What good is the right to life if a man does not control the means to life?

In America, the hope of economic and personal freedom rests in the hands of enlightened citizens and their elected representatives who are convinced by their own experiences that the competitive enterprise system is the best system available in this imperfect world of ours.

This is the message that you and I—the politician and the businessman—must carry to America . . . Not tomorrow—but today!

As Supreme Court Justice Lewis Powell warned us, private business and freedom are in danger and . . . "the hour is late."!

GOOD NEWS FOR THE VOLUNTEER ARMY

Mr. CRANSTON. Mr. President, the Volunteer Army is already on the march. It is working and it is real.

That is the overwhelming conclusion I have reached after reading Army Secretary "Bo" Callaway's report to President Nixon, made public on February 20.

The Army received its last draftee on December 29, 1972. Now, 14 months later, I congratulate Secretary Callaway for the boldness and dedication that have launched today's Action Army on an all-volunteer course.

This is a time when people's faith in the honesty of their Government has been at a low ebb. The credibility of elected officials has been weakened. Everyone seems to expect that when the Government predicts good news, it is a bluff.

Small wonder that predictions of success for the All-Volunteer Army have been greeted with widespread skepticism.

A lot of people have been wringing their hands and making gloomy predictions about the Volunteer Army.

Charges of "sabotage" have appeared in print—allegations that the Department of Defense did not want a Volunteer Army and would make sure it would not work.

Visions of a force composed entirely of blacks, criminals, mercenaries, and high school dropouts have been floating around for a long time.

Critics have blamed the high cost of the manpower component in the defense budget on the Volunteer Army, even though those pay raises went into effect before the Volunteer Army was born.

There were not many people who had good things to say about the prospects for the Volunteer Army.

So at a time like this, it is a particular pleasure to find that predictions of good news are coming true, and that a dedicated group of Government officials are putting an idea into practice.

The Callaway report is visible proof that things can and do go right, for a change.

It answers critics who accused top brass of trying to sabotage the new All-Volunteer Army and gives me further reassurance that an all-volunteer force is a sound idea that can succeed.

It is concrete evidence that the Army has not been trying to sabotage the idea and force us back to the draft, as some people have charged.

There have been a number of published reports that senior officers at the Pentagon were trying to discredit the idea of volunteerism by setting unrealistically high recruitment goals and failing to push recruitment efforts. The

Army's integrity and good faith are substantiated by the facts presented in this report.

Sure the Army has problems. It has trouble attracting technically skilled personnel. It has morale problems. It has to cope with drugs and racial tension. It has only reached about 88 percent of its recruitment goal.

But overall statistics are good and getting better.

Take high school graduates, for example.

Some people seem to think that we are going to end with an Army of illiterates.

But if you count people who are already in the Army, in all ranks, no less than 71 percent of enlisted men and women have at least a high school education. Many of these men and women are career Army people who will be around for a long time.

Furthermore, I think it is pretty snooty to say that everyone has to be a high school graduate before he or she can make a good soldier. Although it may be true that nonhigh school graduates are more likely to develop into discipline problems, the Army has found that 4 out of 5 wind up being good soldiers.

Of course, we need high caliber people. And the news on this score is good, too. Over the last 3 calendar years, male "true" volunteers—as opposed to draft-induced volunteers—in high test-score categories have increased from 42 to 50 percent. When you add draft-induced volunteers and women the figures are even better—from 52 percent in calendar year 1971 to 55 percent in calendar year 1973. The Army's goal—61 percent—is not so far away.

The notion that the Army will be all-black also turns out to be a myth.

According to the figures presented in Secretary Calloway's report, non-Caucasian enlistment appears to have peaked in July 1973. Since then it has been moving downward.

It is still high—around the midtwenties in percentage terms, as compared with a non-Caucasian population of about 13 percent nationwide.

But as the report points out:

> This rate . . . is indicative of the awareness among minorities of the opportunities available in the service.

A chance to learn a skill.

A chance to earn steady pay.

A chance to travel.

A chance to compile a good record before moving into a civilian job.

I think that to make a big fuss about non-Caucasian recruitment is an insult both to the advantages offered by the Army, and to the minority people who are smart enough to recognize them.

And let us be careful about slapping on quotas based on race. Why should we turn away a qualified black man who wants to be a soldier?

I think we can trust the Army on this one.

The recruiters there have more than just an eye on the problem. They have a whole battery of new and appealing recruitment ideas that should help to bring in people of all races.

For example, an enlistee now has far more choice of what unit to be assigned to and where he or she will be stationed. Intensive efforts are being made to recruit at the junior college level. The recruiter force is being brought up to authorized strength and staffed with high quality people. And so on.

So let us get behind the volunteer Army. It is here to stay, and it is doing well. Let us help it in all the ways we can.

THE URBAN HOSPITALS EMERGENCY ASSISTANCE ACT OF 1974

Mr. JAVITS. Mr. President, I recently introduced the "Urban Hospitals Emergency Assistance Act of 1974" (S. 2983) with Senators EAGLETON and WILLIAMS. As evidence of the importance and need for this legislation, today as a case in point I would like to provide for my colleagues additional factual information concerning New York City's public hospitals.

There are 48,000 hospital beds in New York City and 25 percent or 16,000 beds are provided by municipal hospitals; however 80 percent of these 16,000 beds are obsolete. In fact, the old Lincoln Hospital still uses physical facilities originally built to house runaway slaves.

The New York City Health and Hospitals Corp. has a current $840 million construction budget to help correct this physical plant crisis, which involves not just replacement of obsolete beds, but a change in the old open ward system to a more modern care setting in 2- to 6-bed rooms.

Despite this substantial financial commitment 70 percent of the beds in the municipal hospital system will not be replaced and, in some instances, will remain terribly antiquated. The obvious and extensive needs of maintenance and modernization have not yet been met.

The physical plants of the New York public hospital system are valued at $1 billion. However, when 4 to 5 percent of this value, or $40 million, is needed each year to prevent deterioration of the facilities alone and only half that amount is made available, obsolescence is an unavoidable barrier to adequate care.

About half of the budget must come from third-party payments—largely medicaid and medicare—when they can be collected. Collection requires 30 million pages of paper in an average fiscal year to realize a $300 million return. The mere processing of this monstrous amount of paper costs $20 million in personnel.

In the New York City volunteer hospitals, where only 25 percent of the patient population enters through the emergency rooms, there is adequate time to complete paperwork in an orderly manner. On the other hand, three-fourths of the public hospital patients are admitted through the emergency service, forcing decisions between providing patient care and processing paper.

Implied in these figures are other difficulties with reimbursement programs. First, public hospital patients do not generally have insurance coverage, and when they do, it is often insufficient to pay for their care. Second, insurance mechanisms do not cover preventive medicine. So to provide the kind of services needed to the millions of people who need them, public subsidies are essential if our public hospitals are adequately to serve the public. This is what my bill, S. 2983, is all about.

The bill provides that the noncovered costs will be shared by the Federal Government and local governments on a 75/25 basis, and yet the authorization is so modest that the city of New York alone could use it all.

TESTIMONY OF HON. SHERMAN W. TRIBBITT, GOVERNOR OF DELAWARE, ON STATE'S ENERGY IMPACT

Mr. BIDEN. Mr. President, on February 22, 1974, the Honorable Sherman W. Tribbitt, Governor of Delaware, testified before the Senate Subcommittee on Intergovernmental Relations. He spoke of the unemployment and adverse conditions which have afflicted Delaware as a result of the energy crisis.

Governor Tribbitt noted that—

> Due to our unique industrial mix, we have found ourselves particularly vulnerable to recent energy shortages as demonstrated by Delaware's unemployment total—which has almost doubled since the Arab oil embargo began four months ago . . .

The Governor added:

> The outlook for Delaware appears bleaker than for most states. We are heavily dependent on the petro-chemical, automotive assembly, interstate retail trade, agri-business and tourism industries, all of which are highly vulnerable to petroleum shortages. . . . The unemployment rate has risen from 3.7% in October to approximately 7% in January and is expected to be even higher this month.

Mr. President, Governor Tribbitt's valuable testimony sums up the critical difficulties being experienced in my State. These same sort of difficulties, resulting from the energy crisis, are probably being experienced in other localities around the country as well.

Mr. President, I ask unanimous consent that the text of Governor Tribbitt's remarks be printed in the RECORD.

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

REMARKS BY THE HONORABLE SHERMAN W. TRIBBITT, GOVERNOR OF DELAWARE

Chairman Muskie, members of the subcommittee, guests: I greatly appreciate the opportunity that you have given me to discuss the impact of the energy crisis on the economy of the State of Delaware.

Due to our unique industrial mix, we have found ourselves particularly vulnerable to recent energy shortages as demonstrated by Delaware's unemployment total—which has almost doubled since the Arab Oil Embargo began four months ago.

I will elaborate on the seriousness of the crisis in Delaware in just a moment.

But first, I would like to point out that the potential impact on employment, pub-

lic revenues and expenditures is understandably of great concern to all States.

In an effort to generate ideas which might enable State governments to alleviate the harmful effects of the energy crisis, the State of Delaware earlier this week cosponsored with the National Governors' Conference a "seminar on energy, the economy, and State revenues."

This seminar, attended by representatives from seven other States and numerous public interest organizations, included an overview of the impact of the energy crisis on each State's economy—plus a discussion of programs that have been implemented thus far and have proved helpful in gauging the impact.

It was generally agreed during this seminar that all States present were faced with a common problem—the inability to predict the full economic impact of this type of phenomenon due to a lack of historical data.

However, many States reported that petroleum shortages have already begun taking their toll—as evidenced by rising unemployment and lower State revenues.

The outlook for Delaware appears bleaker than for most States.

And as I mentioned earlier, this is largely because of the industrial mix in our economy.

For example, we are heavily dependent on the petro-chemical, automotive assembly, interstate retail trade, agri-business and tourism industries, all of which are highly vulnerable to petroleum shortages.

The automotive assembly plants account for more than 5% of the total State employment. One-fifth of these workers were permanently laid off in December and the bulk of those still employed are *only* working one week out of every three.

The chemical industry employs 12% of the State's total.

Up to this point, layoffs have been minimal.

However, the contracts supplying the petroleum feedstocks for these firms which were in existence when the Arab oil embargo was imposed will soon be expiring.

And unless the foreign embargo is lifted, it appears that this industry will be severely impacted.

Even before severe gasoline shortages appeared, major shopping centers in Delaware reported declines in sales volume as much as 30% below the same period last year.

This is due to the dependence of the shopper on the automobile in most areas of the State.

The outlook for agri-business and tourist industries is *less* than favorable this year.

Farmers may be faced with shortages of agricultural chemicals, fertilizer, fuel, and so forth. And at the very least can expect higher costs for these goods. Therefore, lower net farm incomes are expected.

Gasoline shortages and higher prices are sure to impact the number of vacationers visiting Delaware's summer resorts. The tourist industry is being severely affected in many other States also. Vermont reported at our energy seminar that they are experiencing their worst tourist season in ten years. Both agri-business and the tourist industry are vital to the southern half of the State.

A look at other economic indicators in the last four months reveals some very alarming developments. The unemployment rate has risen from 3.7% in October to approximately 7% in January and is expected to be even higher this month. The number of unemployment claims is averaging 200–300% higher than normal. New registrations were down 10.6% from a year ago in December—the latest month for which data is available. Residential construction was down sharply through the end of 1973.

In addition to the industries I have already mentioned, the businesses in our State that have been hardest hit thus far are as follows:

Retail sales, automobile dealerships, gasoline stations, fast food restaurants, manufacturers of automobile components, automobile transporters, and contract construction.

Of particular concern to us is the anticipated impact on small businesses.

Over 85% of the firms in our State have fewer than twenty employees.

Many of these businesses are engaged in the hardest hit industries which I just mentioned.

Unlike large companies, the small businessman has neither the training nor the capital to survive through sustained economic downturns either by continuing in his present field or switching to another. Hence, we could be faced with a rash of small business failures in 1974.

As if these problems which I have just mentioned were not enough, the crisis in Delaware has been compounded with a new development this week.

Gasoline station operators, irate over the mismanagement of the petroleum allocations by the major oil companies and the Federal Government, have organized statewide and have voted to selloff their entire existing supplies of gasoline.

Estimates are that Delaware stations will have completely exhausted their February supply by this weekend if the selloff continues and new shipments are not expected until March.

Needless to say, a one-week period without any gasoline would be devastating. Rumors are that similar actions are being threatened by station operators in other States.

I have deliberately postponed my discussion of the impact on State revenues until now because it is in this area that I feel the Federal Government can provide the greatest assistance.

We are just now beginning to realize drops in monthly State revenue collections and declines are expected to occur this month in personal income and motor fuel taxes. These two sources alone account for more than 45% of the total revenue received by Delaware. Other major sources which we expect to decline as a result of the energy crisis are the corporate income tax, motor vehicle registrations, pari-mutuel sales and admissions, public utility tax and the real estate transfer tax. The sum total of all these taxes is 63% of State revenue.

Due to the uncertainty of the duration of the petroleum shortages and the seriousness of the overall economic downturn, my economic advisors are experiencing extreme difficulty in assessing the full magnitude of the impact on the 1974 budget. The effect on 1975's budget has been virtually impossible to determine. Compounding the financial squeeze we are faced with are increased State expenditures during this period for unemployment related programs such as welfare and public assistance.

Diminished automobile usage will result in increased pressures for new and increased mass transportation systems which will require additional expenditures by the State government. There are also unbudgeted increased costs to the State for heating fuels, gasoline, and electricity.

Due to the great diversity of tax structures and industrial compositions that exist in each State, it is obvious that State tax revenues will be seriously but unevenly depressed.

For example, while Vermont's tourist industry is severely affected, the State of Alaska, with the pending construction of the pipeline, will likely be impacted only slightly.

On November 21, I urged Senator Biden to introduce legislation in Congress to provide subsidies to the State during the period of the energy crisis. This request was formalized in a resolution proposed at the mid-Atlantic Governors' Conference on December 7, 1973.

Governors of 18 States have endorsed my proposal which requested that Congress quickly proceed to enact legislation to provide substantial energy crisis revenue sharing to the States on this formula basis:

Ten percent of the appropriation would be divided equally among the 50 States (I think you can see here how the formula differs sharply from general revenue sharing.)

Forty-five percent of the total appropriation would be divided among the States on the basis of short-fall in energy supply, using 1972 as the base year.

The remaining 45 percent of the appropriation would be divided among the States, based upon each State's share of unemployment attributable to the energy crisis. In that way every State would receive something.

Larger sums would flow to the States with the biggest problems, thereby evening out the fiscal impact of the crisis.

Those moneys would go directly to the State treasuries.

Although it is not yet possible for the States to fully assess the projected loss of revenue, we do feel that revenue sharing appropriations would be smaller in fiscal years 1974 and 1976 and larger in fiscal year 1975.

At this point, the size of the appropriation necessary has not been determined. However, at our energy seminar on Tuesday, the advisory committee on intergovernmental relations estimated that there will be a loss of $1.2 billion nationwide in gasoline tax revenue alone.

In summary, the impending economic downturn, which is certain to result in lower revenues while requiring higher expenditures, will place the State governments in an unbearable fiscal crunch.

Unless we treat the economic consequences of the energy crisis at the national level with support of the Congress, individual States will have to levy taxes.

This would further fuel the recession in each State's economy and make the national economic situation even more critical than projected.

Gentlemen, I ask your support in this crucial matter.

TERRACES FOR FLOOD CONTROL

Mr. DOMENICI. Mr. President, visitors to New Mexico are often shocked when told that floods are a recurring problem in what appears to them to be a dry and thirsty land. Between 1932 and 1965 the small New Mexico town of Aztec suffered five major floods. The 1965 flood was responsible for $30,500 worth of damages in this city of 3,700 people and smaller more frequent floods occurred almost annually. The community's action to prevent this flooding is described in an article by Bruce Kidman of the Soil Conservation Service in the December 1973 issue of Soil Conservation. This article describes the cooperative efforts of four units of government—one local, one State, and two Federal—to solve Aztec's flood problems.

Such examples of intergovernmental and citizen cooperation merit the attention of this body and I therefore request 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:

TERRACES FOR FLOOD CONTROL

(By Bruce Kidman)

In 1970, Aztec, New Mexico, had finally had it up to its "first-story windows" with flood problems.

Large floods had occurred in 1932, 1938, 1941, 1954, and 1965. The 1965 flood caused about $30,500 in damages in this city of 3,700 people. The big floods were bad enough, but smaller, more frequent floods occurred almost every year.

The city had asked the Soil Conservation Service for help under the small watershed protection program, but the waiting list for help was long. The SCS area office was able to provide planning assistance, but there was still no financial assistance. Then a commitment for partial funding of a pilot watershed project came from the Four Corner's Regional Commission (FCRC), which is set up to distribute federal grant-in-aid funds in economic development regions.

An engineer, hydrologist, range conservationist, biologist, and economist from the SCS area staff and a geologist from the SCS state office made up the planning team that was charged with producing an abbreviated plan within 30 days.

Four alternatives were presented to the city. These consisted of single elements and combinations of floodwater retarding structures, flood control terraces, and a floodwater diversion plus conservation treatment of the entire drainage area.

One floodwater retarding structure, 7,000 feet of terraces, and supplemental land treatment measures were selected as the best plan for reducing flood damages.

FCRC put up $22,000 to build the terraces, which were completed in the spring of 1972.

The terraces, with a capacity to contain runoff from a 100-year-frequency storm, were built on approximately 108 acres of the 654-acre drainage area. Normally considered a soil conservation measure, these oversize terraces are a major structural component for flood prevention in this watershed. Their effectiveness was proved in the fall of 1972 when a severe thunderstorm hit the community. They prevented an estimated $50,000 in damages from floodwater runoff.

The slope of the land on which the terraces were built ranged from 4 percent to 20 percent. A typical terrace cross section is 30 feet wide at the flat channel bottom, has 2:1 side slopes on the dike, a 10-foot top width on the dike, and is 2 feet from channel bottom to the crest of the emergency spillway.

A 100-year-frequency storm will pond water in the terraces with no discharge. The water will dissipate through seepage and evaporation. Testing of the soils prior to design indicated rapid infiltration.

Most of the upper drainage area is rangeland with sparse vegetation, steep slopes, and much gully erosion. A land treatment program is planned which includes 4 miles of fencing to help control grazing and indiscriminate vehicular traffic; 113 small grade control structures; control of competitive shrubs; 42,000 feet of range furrowing; and 100 acres of seeding.

One might suppose that an average annual rainfall of 8.5 inches wouldn't do much more than settle the dust occasionally. But when the rain comes in high intensity, short duration storms and falls on steep, unprotected slopes, the flood and sediment problems are just as real as anywhere else. Houses, commercial and institutional buildings, roads, and irrigation canals on the 208-acre flood plain are all subject to flood damage.

Water is short in New Mexico and a wary eye is kept on its use by the New Mexico State Engineer. He determined that a water right of 2.3 acre-feet per year would have to be satisfied on this project. The city of Aztec has obtained this water right.

Plans for the future call for obtaining funds to complete the land treatment program and the floodwater retarding structure that will control runoff from 468 acres. In the meantime, the terraces are performing very well. They have paid for themselves several times over already. It must be stressed, however, that complete effectiveness will not be obtained until all planned components of the system on the entire watershed have been installed.

One local unit of government, one state agency, and two federal agencies moved in a cooperative, coordinated effort and got this project underway—and before the next flood season came around.

BALANCED NATIONAL GROWTH ACT WOULD BRING AMERICA'S FUTURE INTO FOCUS

Mr. HUMPHREY. Mr. President, on Monday I was privileged to address a conference of the American Institute of Planners here in Washington. My remarks concerned the Balanced National Growth and Development Act of 1974, S. 3050, which I introduced in the Senate on the same day.

Mr. President, I was gratified by the enthusiastic response which that distinguished body gave to the news that this bill was being introduced, and to my outline of its provisions.

The AIP is an organization that brings together the finest minds and talents in the planning profession. Many members of the group were helpful in recommending key provisions in my bill. Their warm enthusiasm for the bill and its objectives indicates to me that we are clearly on the right track if we vigorously pursue consideration of this measure in the Congress. We have the encouragement of some of the best professionals in planning, to tell us we are heading in the right direction.

As I stressed in talking to the AIP on Monday and in my remarks on introducing this bill, we can trace many of the most serious domestic problems that confront this Nation today to a failure to look ahead, to coordinate and integrate our thinking and action on matters affecting the way the Nation grows and develops.

How can we avoid shortages and dislocations of fuel and foodstuffs when we take no action to prevent dislocations of people? If we have people surpluses in our urban areas we should not be surprised to find product shortages in the same places.

If we neglect to provide the amenities of decent living in rural areas, we can hardly be surprised to find that people continue to leave those areas and crowd still more tightly into the already overcrowded cities.

If we order croplands into production in rural America and then fail to provide means of fertilizing those lands and transporting the crops they produce to market, we can hardly be surprised if they fail to provide as much food as the urban areas demand.

If we consider a $300 billion national budget, without intelligently measuring and controlling the nationwide impact of such a huge and sweeping set of expenditures, programs and policies, how can we expect anything but continued and accelerated imbalance in our Nation's growth and development?

We must recognize that money, programs, and policies that flow from the Federal level and spread out to affect the entire Nation, down to the States and regions and local communities, must similarly be coordinated and integrated so that the people and policymakers at all those levels have something to say about those funds and policies and programs and their ramifications.

We must eliminate nearsightedness and tunnel vision in facing our Nation's future development and growth. We must look beyond this year's $300 billion Presidential budget proposals, to the budgets 5 and 10 years ahead. And we must look wide, to both sides, to see all the implications of our spending and policymaking and program activities. In short, we must bring America's future growth and development into focus.

Mr. President, these were the kinds of considerations I had in mind in introducing the Balanced National Growth and Development Act of 1974. And they are the kinds of considerations that I hope would be on the minds of my colleagues in both Houses as we begin to deliberate on these proposals.

My remarks to the AIP conference sum up these considerations. Mr. President, I ask unanimous consent that the text of those remarks be printed in the RECORD.

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

PLANNING POLICY AND GOVERNMENTAL RELATIONS CONFERENCE, AMERICAN INSTITUTE OF PLANNERS

(Remarks by Senator HUBERT H. HUMPHREY)

Meeting with the American Institute of Planners is always a pleasure. You have been valued co-workers on national concerns we have shared over the years.

I am particularly happy to be with you today, because I have something to discuss that I know you are keenly interested in—in fact, some of your members have been of great help and inspiration in offering comments and ideas on the proposals that I will outline to you today.

I am pleased that the Council of State Planning Agencies is represented here as cosponsor of this conference. You, too, have contributed to the thinking that has gone into these proposals.

I will welcome the advice and counsel of both organizations, and of the planning profession in general, in the months to come.

Today in the Senate I am introducing the Balanced National Growth and Development Act of 1974, a measure that many of you may recall I have discussed with you in the past while the bill was still in its formative stages. Now that it is being formally introduced in the Senate, I have hopes that it will receive the fullest consideration of both Houses of Congress.

The need for this Act should be obvious to us all. We need only look around us.

Our nation is currently in the grips of a fuel shortage.

American manufacturers complain increasingly about scarcities of raw materials which they need to produce their goods.

And we have reason to fear that unless urgent action is taken we may face a food shortage in the coming months and years that will hit some parts of the world so hard that the present energy problems will seem mild by comparison.

Each of these problems has been made worse in some degree by governmental action and policy—or by the Administration's delay or inaction.

Yet, such shortages represent only one aspect of unplanned, uncontrolled growth.

All of you here are familiar with how unplanned growth has contributed to the decay of our cities, the neglectful withering of our small towns, and the deterioration of our rural countryside and its environment.

While city dwellers have moved out to the suburbs in search of the better life, rural blacks—and whites, too, displaced from the land by machines—fled to the city to find work. Federal policies, in this instance designed to make our farm economy the most productive and efficient in the world, helped stimulate this rural migration.

So the nation has had policies which, consciously or not, helped encourage, or force, people to move.

But we have not developed policies to help the poor left behind in decaying rural areas. Nor have we developed policies to help people make the transition from the rural areas to the city.

This is critical to an understanding of the problems which presently plague our urban areas. For it is this vast outmigration of people from rural areas to urban central cities—a migration larger than any in history, amounting to 30 million people—which is at the root of the "urban crisis."

This migration has meant 3 million family farms disappeared, taken over by the continuing technological revolution in agriculture.

At the same time, we have compressed 70 percent of our population into urban areas containing only 2 percent of our land. Those living in the remaining countryside often exist in lonely decline—while the city residents live in cramped disorder. And suburbs grow endlessly, shapelessly, without sense of identity or community.

The results have been seen in the national crisis of the environment, and in human relationships festering with social and economic sores.

If this rush toward an ill-conceived form of "progress" and the continual cramming of more and more people into less and less space goes on unabated, within 30 years we will have pushed 100 million more Americans into megalopolis, where 150 million already live.

This would mean that a new city the size of Portland, Oregon, would have to be created every 30 days for three decades.

Obviously, these trends cannot continue. Fortunately, there are growing numbers of enlightened individuals among us who see the disaster that lies ahead and recognize the need to change our course.

You, as professional planners, are part of the nation's first line of defense against such urban blight and rural decay. Yet, your federal government has failed in many ways to give you the support and the tools you need to do your jobs.

True, we have made some strides. We have provided programs and funds to help the states, cities, and rural areas begin to replace or restore what had decayed, and to control the flow of pollutants into our air and water and onto our precious land. But all too often the will of Congress has been thwarted by wrong-headed and downright illegal withholding of the funds needed to achieve these objectives.

It is true that there have been advances in many parts of the nation. Many urban development and redevelopment agencies, local and regional planning organizations and state governments, have sought to provide for more orderly and rational growth and development. And they deserve praise and encouragement.

But anything that has been achieved has come in the absence of rational, comprehensive policy to promote balance and order in the nation's growth and development.

It is remarkable that as much has been accomplished—or that no worse damage has been done—under the laissez-faire philosophy we have been following.

However, I find it incredible that a proposed federal budget of some $300 billion in fiscal 1975 offers no decisive new direction whatsoever in the national planning for balanced growth and development that is so critically needed today. There is a disturbing philosophy apparently governing the actions of the present Administration, that somehow tomorrow will take care of itself. Meanwhile, we continue with a system of departments and agencies in the Executive Branch too often working at cross purposes as each goes its own way.

The fundamental fact we must face is that tomorrow is already here—we must stop acting as if space in America were a limitless resource.

Government—all levels of government—must begin planning together. We must begin to do those things which will influence our nation's growth in a more orderly way—in a way designed for people, rather than expediency.

We must design a national growth policy that will have as its central premise the relationship of people to land, water, air, and resources. There must be a healthy balance that permits people to live in harmony with their environment.

We must establish the right of all people to have a realistic choice about where they will live and work—not a choice dictated by politics or economics.

This means that young people will not be forced, as they are now, to migrate to metropolitan areas because there are no jobs at home. This means that people who may want to live in small towns can expect to find good schools for their children, a decent transportation system, and the best of medical care and medical facilites.

This means new industries, modern social services, and cultural activities. It means that Americans should be able to enjoy all the benefits of life, liberty and property not only in big cities, not only in suburbs, but all over America.

The Balanced National Growth and Development Act calls for an end to the failure of governmental responsibility in meeting the demands of the present and the critical needs of the future.

This Act would address the imbalances in our national growth. It would create policies which assure that rural areas and inner cities get their fair share of jobs, as well as the suburbs; that environmental considerations are balanced with the need for economic development; that transportation is balanced between mass transit and the private automobile.

This Act would reorganize the legislative and executive branches, so that policies are set with an eye to how they relate to these and other goals of balanced growth. It would make regional planning a reality, and bring to bear the best brains in the nation to consider where we are headed and how to get there.

First, this bill would establish an Office of Balanced National Growth and Development within the Executive Office of the President. This new office would become the core of Executive Branch activities to establish, coordinate, and implement the various policies and programs developed and enacted by Congress under which balanced national growth and development shall evolve.

Associated with this office would be a Council on Balanced National Growth and Development. The Council would be made up of the heads of each of the federal departments and agencies administering programs having an impact on national growth and development.

Cabinet secretaries, regulatory commission chairmen and other top-level officers would be included. The Council will be a focal point for pulling together federal resources and programs.

The Office would be directly linked to state and local planning agencies through a system of regional offices, and would administer all federal planning and planning assistance programs.

The office would evaluate the budget requests of federal agencies to identify and make recommendations on budgets and programs affecting national growth and development policy goals. And it would submit an annual report on national growth and development—not just urban or rural—and would continually monitor state and local growth trends and collect and disseminate important data.

Second, the bill would establish multistate regional planning and development commissions. The commissions would be the mechanism for involving elected officials of the states, both governors and state legislators, and presidentially appointed representatives for each state, in the national growth and development policy and decisionmaking process.

A third feature of this legislation is the provision for citizen involvement in the federal, regional, and state planning process. A National Citizens Council on the American Future would be created. And the establishment of similar councils at the regional and state levels would be encouraged, to advise the federal office and Congress on planning, growth, and development policies.

In Congress, the bill would establish a Joint Congressional Committee on Balanced National Growth, and a Congressional Office of Policy and Planning.

The Office would be the Congressional counterpart of the Office of Balanced National Growth and Development in the Executive Branch. It would provide the national legislature with the expert policy-making counsel needed for enlightened lawmaking.

The Joint Committee would be in charge of reviewing, with the advice and counsel of the Congressional Office, all proposed legislation affecting balanced national growth development, and would make independent recommendations to all standing committees of Congress. These recommendations would be based upon the Joint Committee's comprehensive assessment of essential national priorties.

To undertake comprehensive and long-range research geared to the development of public policy, the bill proposes the establishment of a Foundation on the American Future, an independent agency with specified powers and responsibilities. The Foundation would prepare and pursue an annual research agenda. Its reports and recommendations will be made available to the general public.

Finally, in an effort to chart the nation's present and future growth trends, the bill establishes an Agency for Population and Demographic Analysis within the Bureau of the Census.

The Agency would consolidate and expand existing federal census efforts. Most important, it would weigh the impact of various levels and distributions of population in the nation. It would project requirements for such things as education facilities, new housing, expanded public facilities, and comprehensive programs for the elderly.

These are the highlights of the bill and what it is intended to accomplish. I do not suggest that it is the final answer. Rather, I view this bill as a major beginning. It goes far beyond anything on the books today, toward establishing an orderly, systematic, comprehensive framework for devising, coordinating and carrying out policies of balanced national growth and development.

The professionals present here today may be the most important group in today's society. You may hold the key to insuring that we have a livable society tomorrow. And the conference you hold here this week could be the most important you have held in your existence.

I hope that the Congress will undertake its own serious "conference" on these vital issues, and will move to early consideration of the Balanced National Growth and Development Act, so that we can all go to work on the issues it deals with—issues that affect our national survival.

But if the provisions of this Act call for a unified approach to a problem that is national in scope, then the political approach to this measure must also be of a unified, national character. Parochial and provincial bickering cannot be permitted to stand in the way of action on issues so vital to all Americans.

It is imperative that city and country stop shooting one another down and begin working together—because rural and urban America are inseparably tied together.

We are not talking about a city problem or a rural problem. It is not a liberal issue nor a conservative issue. It is not Northern, Southern, Eastern or Western. It is the very life of our country.

This is something we must face together as Americans. The issue at hand is the nation's destiny.

In this way we can carry forward the pioneer spirit which made our nation great. We can build an America that may be seen throughout the world as Carl Sandburg saw us:

"I see America, not in the setting sun of a black night of despair ahead of us. I see America in the crimson light of a rising sun, fresh from the burning, creative hand of God. I see great days ahead, great days possible to men and women of will and vision."

LIVESTOCK GRAZING ON FEDERAL LANDS IN THE 11 WESTERN STATES

Mr. DOMENICI. Mr. President, I have recently received and reviewed a report by a task force of the Council for Agricultural Science and Technology entitled "Livestock Grazing on Federal Lands in the 11 Western States."

This report covering the economic and environmental impacts of grazing on Federal lands has been prepared by 15 of the top range scientists in the United States. The group included scientists from New Mexico, Arizona, California, Colorado, Idaho, Utah, Wyoming, and Washington, D.C. Scientific specialties included were range science, economics, agronomy, animal science, and soil science. None of the 15 members of the task force is employed by either the Bureau of Land Management or the U.S. Forest Service. The report, therefore, represents an evaluation of the economic and environmental impact by a group of knowledgeable scientists who are not involved in the administration or management of Federal lands. Listed below are the task force members and a brief background statement of each:

TASK FORCE MEMBERS

Harold F. Heady, Professor of Range Management, School of Forestry and Conservation, University of California, Berkeley, California. 35 years in range management teaching and research, 100 publications, Chairman of U.S./Australia Range Panel, Chairman of the Task Force.

Thadis W. Box, Professor of Range Management and Dean, College of Natural Resources, Utah State University, Logan, Utah. 15 years in range management teaching and research. Member of Utah B.L.M. Advisory Board, U.S.D.A. Forestry Research Advisory Com., Sports Fisheries and Wildlife Research Unit Boards, Nat'l. Acad. Sci. Com. on Rehabilitation of Western Coal Lands.

John E. Butcher, Professor of Animal Science, Utah State University, Logan, Utah. 22 years in research and teaching in ruminant nutrition and livestock management including most phases of range, farm, and feedlot production.

Francis T. Colbert, Executive Secretary, Society for Range Management, 2120 South Birch Street, Denver, Colorado. 23 years in professional management of range livestock operations and promoting sound management of all aspects of rangeland use.

C. Wayne Cook, Professor and Head, Department of Range Science, Colorado State University, Fort Collins, Colorado. 30 years in range management teaching and research, over 100 publications. Past President of Society for Range Management. Chairman of joint USDA-USDI advisory committee on Management of Free-Roaming Wild Horses and Burros, Chairman of USDA task force on Range and Forest Resources, Chairman of National Research Council task forces on (a) Pasture and Range and (b) Nonrenewable Energy Sources and member of National Research Council task force on Rehabilitation of Western Coal Lands.

James R. Gray, Professor of Agric. Economics and Agric. Business, New Mexico State University, Las Cruces, New Mexico. 24 years in teaching and research into production factors, organization, and returns to cattle and sheep ranches; recreational demand for resources; economics of multiple uses.

D. W. Hedrick, Professor and Dean, School of Natural Resources, Humboldt State University, Arcata, Calif. 25 years as land manager, teacher, researcher, and administrator.

Harlow J. Hodgson, Principal Agronomist, Cooperative State Research Service, U.S.DA., Washington, D.C. 24 years in research and administration. Responsible for review of all Hatch-supported research in the fields of forage crops and range science.

W. Gordon Kearl, Professor of Agricultural Economics, University of Wyoming, Laramie, Wyo. 17 years in teaching, research, and extension related to costs and returns in ranching and evaluation of range improvements.

James O. Klemmedson, Professor of Range Management, Department of Watershed Management, University of Arizona, Tucson, Ariz. 18 years in teaching and research in soil science, grazing management and wildlife habitat management. Member of Land Planning Committee of Governor's Advisory Commission on Arizona Environment.

Darwin B. Nielsen, Associate Professor of Reseource Economics, Department of Economics, Utah State University, Logan Utah. Research into the economic importance of grazing on public land. Helped develop the grazing fee formula for the Bureau of Land Management and the Forest Service.

Lee A. Sharp, Professor and Academic Chairman, Range Management, College of Forestry, Wildlife, and Range Science, University of Idaho, Moscow, Ida. 25 years in teaching and research in grazing management and resource planning. Forage Resource Report for the Public Land Law Review Commission, member of Idaho Range Use Coordinating Committee.

Gerald W. Thomas, President, New Mexico State University, Las Cruces, New Mexico. Over 25 years in range management teaching and research and in university administration, consulting, and land-use policy.

John P. Workman, Assistant Professor of Range Economics, Department of Range Science, Utah State University, Logan Utah. 8 years in teaching and research, appraisal of ranch properties, wildlife resource development, 23 publications. Member of Editorial Board of Soc. for Range Mgmt.

This report is of such importance to all Americans concerned with the survival of the concept of multiple use of the Federal lands that it merits the attention of the distinguished Members of this body. Therefore, I ask unanimous consent that it be printed in the RECORD.

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

LIVESTOCK GRAZING ON FEDERAL LANDS IN THE ELEVEN WESTERN STATES

SUMMARY

Almost half the land area in the 11 Western States is Federally owned. Domestic livestock graze on 73% of this area. Federal land is estimated to supply 12% of all grazing resources in the region and to provide the equivalent of the feed required yearlong for 1.7 million head of cattle and 1.0 million sheep. These grazing lands provide energy, water, minerals, recreational opportunities, and wildlife in addition to grazing for domestic animals. The forages on Federal lands represent a renewable natural resource and an economical source of feed for production of cattle and sheep.

Loss of the products of grazing currently derived from Federal lands would increase the scarcity of feed, meat, and wool. The mounting demands for both grain crops and meat point to an increase in importance of forages on both private and public lands to support the beef and sheep industries.

Elimination of grazing from Federal rangelands in the 11 Western States would require a shift of animals to other lands or would result in loss of these animals from the productive pool. More animals on non-Federal lands would require more intensive use of private rangeland; acreage increases in pastures, harvested forages, and feed grains; more acres in cultivation; and greater dependence on feed-lot feeding for meat production. Only limited acreage is available for development of additional intensive pastures in the United States.

The alternatives to less grazing on Federal rangelands appear to us to be wasteful of natural resources and uneconomical for the producers dependent on these lands unless prices of meat and wool were to be increased considerably.

Small communities and subsistence-type livestock operations within large areas of

Federal grazing land would suffer most if grazing on Federal lands were eliminated.

The grazing of herbage has been a natural process in grasslands, shrublands, and forests for as long as grazing animals have existed. The effect of grazing on the range environment depends upon the kind of vegetation, the intensity of grazing, the kind of animal, and the degree of management employed to control the animals. Experiments and widespread experiences show that moderate and planned grazing restores protective vegetational cover on deteriorated ranges, thereby reducing accelerated erosion and improving wildlife habitats. Most rangeland is better suited to all types of use today than it was before 1950.

THE FEDERAL RANGELANDS RESOURCE

The Federal lands of the United States constitute a resource of national importance. Of the 1.9 billion acres in the conterminous 48 states, 407 million acres, or 21%, are under Federal ownership. We recognize, as do most people, an obligation to use and care for these lands in a manner that assures their greatest contribution to the national welfare in perpetuity. Constantly growing demands for energy, food, fiber, water, minerals, recreational opportunities, and wildlife give the Federal lands an ever greater intrinsic value. Concomitant with the demand for products is a growing public concern for the preservation of the resources just mentioned, often resulting in conflicts between alternative interests.

One of the land uses, livestock grazing, has generated much historical and current controversy. The purpose of this report is to present a brief analysis of (1) the economic effects of prohibiting livestock grazing on Federal lands, and (2) the impacts of livestock grazing on environmental quality. In considering these effects, we focus attention on the Federal lands in the contiguous 11 Western States, where the nation owns 48% of the total land area and where 88% of all Federal lands of the 48 states is located (see Appendix 1). In particular, our comments are applicable to the 87% of all Federal lands in those 11 states that is administered by the Forest Service or the Bureau of Land Management.

As historical background, we note that livestock production played an important role in the settlement of the 11 Western States and was a significant factor in the economic and cultural development of the Nation as a whole. Prior to 1900, the major uses of the vast expanses of unappropriated lands in the West were mining, homesteading, and unregulated livestock grazing. Numbers of domestic animals increased markedly after the Civil War and reached a high point in the early part of the present century. The withdrawal of substantial portions of the public domain for national parks and forests before 1920 initiated the regulation and management of livestock grazing on Federal lands. For a variety of complex reasons, the use of these lands by livestock—particularly by sheep—has gradually declined from World War I to the present.

Livestock numbers in the 11 Western States are still large. Utilization of Federally owned rangeland to produce meat and wool contributes a significant proportion of the area's economy. In 1970, the total livestock population in the region included 14.6 million head of cattle and 8.4 million head of sheep and lambs (see Appendix 2). Approximately 12% of the necessary forage in terms of animal-unit-months (AUM's) was supplied by grazing on 73% of the Federal lands in those states. An AUM is the forage required to keep a mature cow or its equivalent for a month.

We note also that, because of policies regarding disposal of public land, the western Federal lands are extensively interspersed with private and state-owned lands. As a result, the use and management of land under one ownership has a strong influence on the use and management of adjacent land owned by others.

ECONOMIC CONSIDERATIONS

The subject to be considered in this section is the economic effects—nationally, regionally, and locally—that would be expected if livestock grazing were eliminated from Federal lands.

Production of beef and lamb in the United States involves rearing the young animals in breeding herds and flocks followed by heavy feeding until the desired market weight and degree of fattening are obtained. The breeding animals subsist almost wholly on forages, including range and pasture vegetation, harvested forages, and crop residues, whereas feed grains and concentrates are used in addition for the finishing of animals for the market. Forages now supply 75% of the feed units consumed by beef cattle and 90% of the feed units consumed by sheep in the U.S. (A feed unit is the nutritional equivalent of one pound of corn.) The difference in feeding practices between breeding herds and finishing operations is a consequence of a combination of factors, including the availability of both forages and feed grains, the essentiality of grain feeding for producing the quality of beef demanded by the market, and the high cost of grain relative to forages.

An increase in demand for U.S. grains has resulted recently from a complex set of factors including droughts, crop failures, increased affluence in many countries, dollar devaluation, and expanding populations. We believe this trend will continue and that grains will become increasingly limited and higher priced. The result will be an increased reliance on forages from range, pasture, and harvested supplies for meat and wool production.

The prices of meat and wool, like those of other commodities, are largely determined by the relation of supply and demand. The principal determinant of supply is numbers of breeding animals. The demand for wool may be expected to increase as shortages of fossil fuels reduce the availability of synthetic fibers. Manufacturers of synthetic fibers are now reducing deliveries to customers on account of the shortage of petroleum. Based on current trends, estimated increases in U.S. consumer demand for beef will require an additional 13 to 14 million beef cows by 1985—an increase of about 30% over current numbers. These additional cows and their calves will need the equivalent of about 70 million acres of forage-producing land, assuming the national average of 5 acres for a cow and calf. However, only limited unused acreage of forage-producing land are available in the U.S. In fact, forage-producing areas will likely diminish as the better lands are converted to grain and soybean production and as nonagricultural uses, such as houses, roads, and industry, encroach on productive land. In the 11 Western States, for example, the area of rangeland available for grazing is decreasing at the rate of 1.4 million acres per year. Thus, we see pressures for greater production on less land area to meet consumer demands for meat and wool. Elimination of livestock grazing from Federal lands would intensify these pressures.

Three factors limit the accuracy of information available on livestock produced on Federal rangelands independently of total livestock production: (1) The yearly feeding cycle includes joint use of Federal and private rangelands and cropland feeds. (2) Published statistics on meat production usually combine beef and dairy cattle and do not distinguish between grazing and feedlot operations. (3) Values for specific products, such as feeder calves and yearlings or sheep and lambs, are not separated. In this report we use statistic from Nevada, Oregon, Utah, and Wyoming to estimate production and value per AUM for range-cattle operations (see Appendixes 3, 7, and 8) because these states have few feedlots and the lowest contribution to beef production from dairying. These four states plus Montana and Washington (see Appendixes 4, 5, 7, and 8) provide our estimates of production and value of sheep, lambs, and wool. Most of the meat and wool production in the six states comes directly from rangelands and other forages.

Cattle produce an average of 28.6 pounds of meat (Appendix 3) and sheep produce an average of 23.3 pounds (see Appendix 5) per AUM in the states mentioned in the preceding paragraph. Wool production is 4.3 pounds per AUM. The number of AUM's grazed on Federal land in the 11 Western States in 1972 and the estimated amounts of meat and wool produced by the forage consumed during such grazing may be summarized as follows from Appendix 6:

	AUM's (millions)	Production (million pounds)
Cattle and calves	15.0	429.2
Sheep and lamps wool	3.3	76.9
		14.2

Gross receipts from the sale of livestock represent new money brought into the local economy. This money is respent several times within the community, which expands economic values far beyond the original amount. The multiplier effect of new money at the local level has been estimated conservatively at 2.25. If one uses a gross production value of $10.00 per AUM for cattle (the range is from $9.70 to $11.23 in the four states mentioned in a preceding paragraph—Appendix 3) and $7.00 for sheep (the range is from $5.92 to $9.26 in the six states mentioned in a preceding paragraph—Appendix 5), the contribution to the local economy per AUM grazed on Federal rangelands would be $22.50 for cattle and $15.75 for sheep. The annual values of livestock production due to grazing on Federal rangelands in the 11 Western States may thus be estimated as follows:

	Value of production (millions)	Contribution to economy (millions)
Cattle and calves	$150	$338
Sheep, lambs, and wool	23	52
Total	173	390

As may be inferred from the magnitude of the figures, the withdrawal of Federal lands from livestock grazing would hamper state and local economies. The effects would vary widely among the 11 Western States. In the mid 1960's, the proportion of the total forage supply (in terms of AUM's) derived from Federal land was only about 2% in Washington but was 49% in Nevada. Dependence of individual ranches and counties on Federal land in western rangeland areas often exceeds even the high level of Nevada. If livestock grazing on Federal lands were discontinued, ranches with small grazing permits would, of course, be relatively unaffected, but the large numbers that are highly dependent on such permits would be affected severely.

The interdependency, within a given range livestock enterprise, of Federal, private, and other lands must also be viewed from the standpoint of yearlong forage supplies. The

private land holdings of many ranch units can not supply the necessary forage for all seasons of the year. They must combine grazing on Federal land with forage produced on private and other land to obtain a yearlong supply of feed. Many such operations would not survive a complete withdrawal of Federal grazing privileges. On the 21% of all Forest Service and BLM grazing lands where yearlong livestock use is practiced, herd reduction to compensate for decreased Federal grazing would reduce operations in about the same proportion as the decrease in Federal AUM's. In other areas, the loss of forage for summer grazing would cause imbalances in the yearlong feed supply and greater ultimate reduction in over-all ranch grazing capacity than just the loss of summer feed.

Adjustments ranchers could make to compensate for reduced grazing on Federal land include reduction of herd numbers, purchase of more feed, improvement of private rangelands to increase forage productivity, and conversion of cropland to irrigated pasture or hayland. These alternatives to grazing on Federal lands would provide a lower economic return to the ranchers unless meat and wool prices were to increase greatly. A reduction in herd numbers would decrease total production. Purchased feed is expensive. Private rangelands, like most rangelands, have limited physical capabilities for increased forage production. They can not support agronomic ecosystems.

Elimination of grazing from Federal lands would have an adverse effect on minority groups in northern New Mexico where an average of 57 of the 215 animal-unit-months of grazing per ranch would be lost by 990 subsistence-type livestock operations. Based on 1972 livestock sales of $1,565 per family, income would decline by at least $317 or 20%. Similar situations exist in other portions of the Four-Corners States and in scattered locations throughout the West.

The energy required from fossil fuels and electricity to produce beef cattle and sheep is less on the range than anywhere else. Cattle ranches in the Southwest used approximately 4 gallons of gasoline and 62 kilowatt hours of electricity to produce 100 pounds of beef on the hoof in 1972. If range cattle production were shifted from grazing to feeding with a ration of 20 pounds of alfalfa hay per day, fossil fuel requirements would double, and requirements of electrical energy would increase about 50%. In 1969, livestock ranches in the U.S. spent 2.8 cents for fossil fuels per dollar of product sold. If harvested feed grains were substituted for grazing on Federal lands, they would cost more than twice as much in fossil fuels (see Appendix 9).

Fertilizer usage in range livestock operations is small, but some fertilizer is applied to cropland for production of homegrown hays and grains. If additional harvested forages and grains were to replace forage grazed from Federal lands, more fertilizer would be needed to increase yields per acre. As explained in another current report by the Council for Agricultural Science and Technology, there is a scarcity of fertilizer worldwide, and this is partly a consequence of the scarcity of energy required in manufacture. Large quantities of natural gas are used to supply the hydrogen that is reacted with nitrogen to form ammonia, the basic nitrogenous fertilizer material. A shift of livestock production from rangeland to cropland would aggravate the situation by substituting a type of agriculture relatively expensive in fertilizers and in fossil-fuel energy for one relatively economical of both.

In rangeland agriculture, animal wastes are widely dispersed and are readily assimilated by the ecosystem. Substitution of confined feeding for extensive grazing, however, would concentrate the wastes in small areas, where disposal without pollution would present an economic problem. The wastes are of such low value for purposes of soil improvement that the expenditures necessary to spread them over a large area of cropland cannot be economically justified.

ENVIRONMENTAL EFFECTS

Grazing influences the environment on Federal lands. The purpose of this section is to consider in a broad context the nature of the influences and their significance.

Eating of plant materials by animals is a natural process in terrestrial and aquatic systems. Thus, with the coming of European man to the West, the introduction of domestic livestock did not constitute an entirely new component in the environment. More realistically, the domestic livestock replaced, or were added to, the wild animals that were already there. Rangeland vegetation, especially grassland and shrubland, in the Western States evolved to withstand grazing to a moderate degree. Without grazing, different vegetational characteristics develop. The range forage that livestock utilize is a renewable natural resource because the forage regrows each year and has done so for many centuries.

Mistakes in grazing practices have occurred. The most significant of these in the U.S. was the exploitive grazing practiced between 1865 and the 1930's. The effects were near catastrophic. Nevertheless, they were not the result of grazing ranges that had never been grazed before. Rather, they resulted from several decades of grazing the western ranges with too many animals for too long and often at the wrong season each year. Most range livestock operators at that time were unaware of the limits of grazing pressure that the vegetation and soil could tolerate.

Scientific management of rangeland began at the turn of the century, but the accumulation of knowledge and its application advanced slowly. The management aim was to adjust the number, kind, and location of livestock and the timing of the grazing in such a way as to restore and maintain the natural resources. Range managers and livestock operators found that controlling grazing improved both range condition and livestock production. Development of this new concept marked the end of the exploitative period of grazing and the beginning of managed grazing on the western ranges.

Following World War II, scientific grazing management was undertaken within the limits of available funding and manpower on much of the Federal grazing land. The change from a laissez-faire rangelands attitude to one of planned grazing management improved vegetational and soil conditions. Intensification of grazing management paralleled the development of increasing emphasis on other land uses, including the preservation of natural systems.

Rangeland is often incorrectly thought of as a homogeneous kind of land. In actuality it consists of widely diverse soil and vegetational types, ranging from deserts to high mountain meadows. Productivity and vulnerability to misuse vary accordingly. Practical experience has shown that livestock grazing must be adjusted to meet the ecological requirements for maintenance and improvement of each dissimilar type. When that is accomplished, each site supports vegetative cover in accordance with its production capabilities.

The environmental effects of grazing depend upon the kind of range, the intensity of grazing, and the kind of management employed to control livestock on the range. We have examined the results of long-term grazing studies throughout the Western States. They show that unregulated heavy grazing results in loss of desirable forage plants, increased runoff and erosion, and other indications of range deterioration. Moderate and light grazing result in fairly stable or improving range conditions. Planned seasonal grazing and controlled animal distribution foster rapid vegetational growth. Most grazing experiments have shown that ranges may be improved more rapidly under proper grazing management than with no grazing at all. Knowledge of forage preferences by livestock and of the physiology of plants is employed to plan grazing treatments that will selectively favor some plants over others. The desired changes, however, are achieved only when grazing is carefully regulated to preserve properly functioning biological systems. Overuse or grazing without management tips the balance toward site deterioration, loss of valuable soil and water resources, and impairment of environmental quality.

Based upon widespread experience, we find that livestock grazing is being managed and integrated with other uses of Federal lands. The extent of enhancement of other resources with grazing or lack of grazing varies with the kind of range, the grazing objectives, and the skill of the manager. Desert vegetation responds slowly, but vegetation in moist and humid areas changes rapidly. After giving due weight to these natural landscape differences, we find no evidence to indicate that well-managed grazing of domestic livestock is incompatible with a high quality environment. There is ample evidence that managed grazing by livestock enhances certain uses and that poor management detracts from them. Properly managed grazing is a reasonable and beneficial use of the range.

Big-game numbers on Federal lands have increased during recent years, and wildlife production is an increasingly important use of rangelands. Game habitat can be destroyed by poor grazing management that permits overuse by either wildlife or livestock. Conversely, game habitat improves through management which maintains the type of vegetation preferred by wildlife. For example, cattle grazing has been used to reduce the amount of grass and permit increased production of browse species for big game. Moderate use of browse species by cattle tends to keep forage within reach of wildlife. In all grazing systems, withholding areas from grazing or adjusting the time of beginning grazing provides vegetative cover required by game birds for breeding and nesting sites.

Modification of vegetation by grazing management can create contrasts in landscape color and pattern that convey a different aesthetic impression than uniform vegetation. Although many speculate on the impact of grazing animals on recreational and aesthetic values, however, no firm evidence was found for a general statement that aesthetic values gain or lose when grazing is removed. We believe that severely overgrazed ranges and areas of animal concentration, such as bedgrounds, detract from an outdoor experience for most people. On the other hand, the livestock industry is central to the image and traditions of the American West, and a well-managed range with its cattle herd, roundup, or sheep camp presents positive recreational values. At least two studies have shown that cattle and sheep on the landscape are aesthetically pleasing to tourists who come to view the West and its present-day activities. In the end, the extent to which aesthetics would be affected by discontinuation of grazing would depend on the value system of the individual concerned.

Ungrazed ranges are subject to loss when wildfires occur. Tall stands of mature, ungrazed grasses create extreme fire hazards because fire spreads more rapidly in dry grass than in any other natural vegetation. Ungrazed areas around campgrounds, homesites, and timberlands are especially flammable. Reduced grazing especially in grasslands, often requires construction of additional or larger fire-control lines with dis-

turbed soil conditions and increased investment in fire-fighting equipment.

During the period from 1865 to 1930, overgrazing of western ranges resulted in excessive overland water flow, erosion, nutrient loss from watersheds, flooding, sedimentation, and fouling of water supplies. Range watershed management has brought comparative stability to these areas, largely through restoration of vegetational and litter cover. Exceptions occur on watersheds with unstable soils and steep topography. Well-planned grazing management, often in combination with brush control, seeding, and other soil-protecting practices, achieves soil- and water-conservation objectives.

Ranges properly grazed by hoofed animals produce safe water. Counts of fecal coliform organisms, as indicators of water pollution by warm-blooded animals, relate more closely to quantity of fecal material than to kind of animal. Investigations in mountainous regions of Colorado and Montana showed that the counts of harmful bacteria in the stream were no greater in areas grazed by livestock than in areas grazed by native animals alone. Moreover, moderate livestock grazing had little effect upon the chemical and physical quality of the water.

Animals compact soils by overgrazing and by reducing organic matter returned to the soil, but proper vegetational and litter management, activities of soil organisms, and climatic phenomena correct the problem on an annual basis. The trampling of standing dead material by livestock places it in contact with the soil, where decomposition proceeds. Several studies have shown that litter accumulates without grazing, eventually smothering new plant growth. Broad-leaved, flowering, herbaceous plants suffer more than others, and seedlings of browse plants fail to become established under too much standing dead material.

Few western ranges are ever in a stable natural condition, whether or not they are grazed by domestic animals. Most are in a stage of vegetational development following disturbance by such phenomena as drought, flood, avalanche, freezing, or fire. Cyclic phenomena, such as large numbers of deer, rodent epidemics, or insect plagues, temporarily change the natural ecosystems. An absolutely stable rangeland is seldom attained or maintained.

Significantly, the greatest diversity of animal and plant species and the highest rate of reproduction occur when the landscape supports many stages of ecosystem development. Fire, grazing, and drought stimulate plants and animals to new growth. Each stage of vegetational development is more productive of certain animal species than of others. Grazing on Federal rangelands in the 11 Western States helps to keep the natural environmental systems active and productive. However, grazing must be scientifically controlled and responsive to the needs of all users. We cannot allow overgrazing by livestock, by bison in their reserves, by deer on their winter ranges, or by wild horses in their preserves. We manage domestic animals, but rarely game, to maintain ecosystems compatible with all of man's uses.

APPENDIX 1.—AREA AND OWNERSHIP OF LAND IN THE UNITED STATES AND PROPORTION OF FEDERAL LAND ADMINISTERED BY THE U.S. FOREST SERVICE AND THE BUREAU OF LAND MANAGEMENT [1]

State	Total land area (thousands of acres)	Federal ownership (percent)	Federal land administered by USFS and BLM (percent)
Arizona	72,688	44.9	75.1
California	100,207	44.8	79.3
Colorado	66,486	36.4	94.1
Idaho	52,933	63.9	95.7
Montana	93,271	29.6	90.1
Nevada	70,264	86.6	80.5
New Mexico	77,766	33.9	85.0
Oregon	61,599	52.2	96.7
Utah	52,697	66.1	87.9
Washington	42,694	29.4	79.4
Wyoming	62,343	48.4	88.6
11 Western States	752,948	47.8	87.1
6 Plains States	407,182	2.8	44.5
Other States	741,626	4.8	62.0
United States (excluding Alaska and Hawaii)	1,901,756	21.4	83.8

[1] Sources: U.S. Department of the Interior, Bureau of Land Management. Public Land Statistics, 1970. U.S. Govt. Print. Office, Washington, D.C. p. 10. (Statistics are of a June 30, 1969.) U.S. Department of the Interior, Bureau of Land Management, 1967. Public Land Statistics. U.S. Govt. Print. Office, Washington, D.C., table 9.

APPENDIX 2.—AREA USED FOR GRAZING BY DOMESTIC LIVESTOCK, PROPORTION OF LAND AREA GRAZED, AND NUMBERS OF NONDAIRY CATTLE AND SHEEP PLUS LAMBS IN 11 WESTERN STATES

State	Thousands of acres				
	Range and pasture in farms [1]	Federal land allocated for grazing [2]	Proportion of land area grazed (percent)	Nondairy cattle 1970 [3] (thousands)	Stock sheep and lambs 1970 [3] (thousands)
Arizona	35,398	25,441	83.7	812	424
California	20,957	21,169	42.0	2,576	1,185
Colorado	27,159	20,492	71.7	2,374	823
Idaho	8,952	23,934	62.1	1,080	632
Montana	49,057	16,546	70.3	2,474	1,051
Nevada	6,937	48,712	79.2	512	213
New Mexico	44,486	22,326	85.9	1,073	791
Oregon	14,410	24,111	62.5	1,155	449
Utah	10,865	29,600	76.8	576	939
Washington	10,369	5,110	36.3	764	125
Wyoming	30,814	25,011	89.5	1,182	1,784
11 Western States	259,403	262,452	69.3	14,578	8,416

[1] Source: U.S. Department of Agriculture, Economic Research Service, 1968. Major uses of land and water in the United States with special reference to agriculture, summary for 1964. Economic Report No. 149. U.S. Govt. Print. Office, Washington, D.C. pp. 61–62.

[2] Source: Data for 1966 supplied to the University of Idaho by the Public Land Law Review Commission.

[3] Source: U.S. Department of Agriculture, 1971. Agricultural Statistics, 1971. U.S. Govt. Print. Office, Washington, D.C. p. 308.

APPENDIX 3.—VALUE CONTRIBUTIONS TO THE ECONOMY FROM CATTLE AND CALVES ON FEDERAL LANDS IN WESTERN STATES, 1971–72 [1]

State or type of ranch [2]	Per animal-unit-month			Animal-unit-months on Federal lands (AUM's)	Contributions from Federal lands	
	Production (pounds)	Value of cattle	Contribution to economy		Gross receipts	Contribution to economy
Nevada	27.5	$9.81	$22.07	1,985,146	$19,474,282	$43,812,172
Oregon	29.3	9.70	21.82	1,377,400	13,360,780	30,054,868
Utah	28.5	9.89	22.25	860,565	8,510,987	19,147,571
Wyoming	29.3	11.23	25.27	1,792,157	20,125,923	45,287,807
11 Western States		10.00	22.50	15,008,143	150,081,430	337,683,218
Cattle ranches:						
Northern Plains		11.70				
Northern Rocky Mountains		13.62				
Southwest		11.46				
Wyoming ranches:						
Cow-calf		10.90				
Cow-yearling		11.50				
Yearlings only		15.84				

[1] Sources: W. Gordon Kearl, Economic Comparisons of the Cow-Calf and Cow-Yearling System for Northern Plains Cattle Ranching, Wyoming Agr. Exp. Sta., RJ 67, December 1972. W. Gordon Kearl, Unpublished data for stocker systems during 1971 and 1972. Wiley D. Goodsell and M. J. Belfield, Costs and Returns—Northwest Cattle Ranches, 1972, ERS-525, U.S. Dept. of Agriculture, July, 1973. Livestock and Meat Statistics. Statistical Bull. 522, ERS/SRS and AMS, U.S.D.A. pp. 11, 20, 26, 42. 1973.

[2] States not normally fattening large number of cattle in feedlots and low contributors to beef production from dairy animals.

APPENDIX 4.—PRODUCTION OF SHEEP, LAMBS, AND WOOL PER ANIMAL-UNIT-MONTH IN 11 WESTERN STATES, 1971–72

State	Stock sheep (thousands)	Animal-unit-months required (thousands)	Production (thousand pounds)		Production per animal-unit-month (pounds)	
			Sheep and lambs	Shorn wool	Sheep and lambs	Shorn wool
Arizona	412	989	19,836	3,692	20.1	3.7
California	1,011	2,426	68,362	11,655	28.2	4.8
Colorado	720	1,728	82,959	11,473	48.0	6.6
Idaho	678	1,627	58,242	6,949	35.8	4.3
Montana [1]	900	2,160	43,023	8,501	19.9	3.9
Nevada [1]	176	422	10,702	1,627	25.4	3.9
New Mexico	682	1,637	25,106	6,134	15.3	3.7
Oregon [1]	426	1,022	27,039	4,823	26.5	4.7
Utah [1]	891	2,138	52,916	9,218	24.8	4.3
Washington [1]	112	269	6,753	1,240	25.1	4.6
Wyoming [1]	1,561	3,746	67,362	16,062	18.0	4.3
11-State total	7,569	18,164	399,880	81,374	22.0	4.5

[1] States not normally fattening large numbers of lambs in feedlots.

APPENDIX 5.—VALUE AND CONTRIBUTION TO THE ECONOMY FROM SHEEP, LAMBS, AND WOOL ON FEDERAL LANDS IN WESTERN STATES, 1972 [1]

State or area [2]	Per animal-unit-month				Animal-unit-months on Federal lands (AUM's)	Contributions from Federal lands	
	Production (pounds)		Value of sheep, lambs, and wool	Contribution to economy		Gross receipts	Contribution to economy
	Sheep and lambs	Wool					
Montana	19.9	3.9	$6.21	$13.97	174,904	$1,086,153	$2,443,409
Nevada	25.4	3.9	7.93	17.84	333,424	2,644,052	5,948,284
Oregon	26.5	4.7	8.58	19.30	62,907	539,742	1,214,105
Utah	24.8	4.3	7.73	17.39	589,197	4,554,492	10,246,136
Washington	25.1	4.6	9.26	20.84	5,034	46,614	104,909
Wyoming	18.0	4.3	5.92	13.32	848,932	5,025,677	11,307,774
6-State total [3]	23.3	4.3	7.61	17.11	2,014,398	15,329,567	34,466,350
11 Western States			7.00	15.75	3,301,013	23,107,091	51,990,955
Wyoming:							
Southwest			8.15	18.34			
North-central			10.05	22.61			
Utah-Nevada			9.09	20.45			

[1] Source: Delwin M. Stevens, An Economic Analysis of Wyoming Sheep Industry (1960, 1964, 1968). Wyoming Agr. Expt. Sta. Bull. 546. June, 1971. Livestock and Meat Statistics, Statistical Bulletin 522, ERS/SRS and AMS, USDA, pp. 11, 20, 26, 42. 1973.

[2] States not normally fattening large number of sheep in feedlots.
[3] Simple totals and averages.

APPENDIX 6.—PRODUCTION OF CATTLE, SHEEP PLUS LAMBS, AND WOOL ON FEDERAL GRAZING LANDS IN 11 WESTERN STATES, 1971–72 [1]

State	Cattle		Sheep		
	Animal-unit-months on Federal lands (AUM's)	Total production at 28.6 lb (pounds)	Animal-unit-months on Federal lands (AUM's)	Total production (pounds)	
				Sheep and lambs at 23.3 lb	Wool at 4.3 lb
Arizona	1,898,676	54,302,000	34,757	810,000	149,455
California	601,398	17,200,000	122,397	2,852,000	526,307
Colorado	1,170,474	33,476,000	359,688	8,381,000	1,546,658
Idaho	1,419,611	40,601,000	467,220	10,886,000	2,009,046
Montana	1,760,800	50,359,000	174,904	4,075,000	752,087
Nevada	1,985,146	56,775,000	333,424	7,769,000	1,433,723
New Mexico	2,062,235	58,980,000	302,562	7,050,000	1,301,017
Oregon	1,377,400	39,394,000	62,907	1,466,000	270,509
Utah	860,565	24,612,000	589,197	13,728,000	2,533,547
Washington	79,781	2,279,000	5,034	117,000	21,646
Wyoming	1,792,157	51,256,000	848,933	19,780,000	3,650,412
Total	15,008,143	429,233,000	3,301,013	76,914,000	14,194,356

[1] Source: Livestock and Meat Statistics, Statistical Bulletin 522, ERS/SRS and AMS, U.S.D.A., pp. 9, 32, 45. 1973.

APPENDIX 7.—ANNUAL GRAZING STATISTICS FOR LAND ADMINISTERED BY THE UNITED STATES FOREST SERVICE IN 11 WESTERN STATES, 1971

State	Number of livestock			Animal-months		Total, animal-unit-months
	Cattle and horses	Sheep and goats	Total	Cattle and horses	Sheep and goats	
Arizona	141,307	37,011	178,318	1,226,057	143,193	1,254,695
California	110,729	75,666	186,395	339,877	210,478	381,972
Colorado	196,088	322,846	518,934	688,848	737,250	836,298
Idaho	129,916	380,012	509,928	449,117	1,000,368	649,190
Montana	136,590	70,649	207,239	474,032	140,832	502,198
Nevada	56,508	87,060	143,568	222,002	281,566	278,314
New Mexico	100,467	37,673	138,140	736,644	163,356	769,314
Oregon	114,533	61,332	175,865	352,953	205,477	394,048
Utah	110,894	322,203	433,097	340,936	883,168	516,669
Washington	51,219	9,311	60,530	79,681	25,168	84,714
Wyoming	151,798	283,734	435,532	503,103	697,349	642,572
11 Western States	1,300,046	1,687,497	2,987,543	5,412,000	4,485,000	6,309,584

Source: Public Land Statistics 1972.

APPENDIX 8.—ANNUAL GRAZING STATISTICS FOR LANDS (DISTRICT AND LEASED) ADMINISTERED BY THE BUREAU OF LAND MANAGEMENT IN 11 WESTERN STATES, 1971 [1]

State	Number of livestock			Number of animal-unit-months [2]		
	Cattle and horses	Sheep and goats	Total	Cattle and horses	Sheep and goats	Total
Arizona	92,602	14,345	106,947	672,619	6,118	678,737
California	108,716	254,859	363,575	261,521	80,301	341,822
Colorado	335,510	692,782	1,028,292	481,626	212,238	693,864
Idaho	366,746	674,278	1,041,024	970,494	267,146	1,237,640
Montana	630,370	362,310	992,680	1,286,768	146,738	1,433,506
Nevada	353,237	318,316	671,553	1,763,144	277,111	2,040,255
New Mexico	230,737	220,200	450,937	1,325,591	269,891	1,595,482
Oregon/Washington	272,008	61,755	333,763	1,024,447	21,812	1,046,259
Utah	126,303	602,900	729,203	502,529	412,563	933,092
Wyoming	776,518	1,874,593	2,651,111	1,289,054	709,463	1,998,517
11 Western States	3,292,747	5,076,338	8,369,085	9,595,793	2,403,381	11,999,174

[1] Source: Public Land Statistics 1972, tables 60 and 64.

[2] Assumed same length of grazing season for sheep and cattle.

APPENDIX 9.—EXPENDITURES FOR PURCHASES OF FOSSIL FUELS AND AGRICULTURAL CHEMICALS PER DOLLAR OF PRODUCT SOLD BY TYPE OF FARMS IN THE UNITED STATES, 1969 [1]

[In cents]

Type of farm	Expenditures per dollar of product sold		
	Gasoline and other fuel	Sprays, dusts, and fumigants	Fertilizers
All farms	3.95	1.76	4.73
Cash grain	6.86	3.01	9.05
Tobacco	7.20	1.78	8.38
Cotton	8.42	9.27	8.98
Other field crop	4.17	4.11	9.83
Vegetable	2.89	4.87	7.55
Fruit and nut	2.91	6.19	5.20
Poultry	1.52	.19	.56
Dairy	3.38	.64	3.48
Livestock other than dairy and poultry	3.21	.84	3.54
Livestock ranches	2.81	.30	1.42
General	5.90	3.24	8.22
Miscellaneous	3.55	.88	1.76

[1] Source: Social and Economic Statistics Administration Bureau of Census. "1969 Census of Agriculture", Type of Farm, ch. 8, vol. 11, U.S. Department of Commerce, pp. 36-37, 42-45, 48-49, June 1973.

THE ENERGY CRISIS

Mr. CRANSTON. Mr. President, energy, which used to be plentiful and cheap, has suddenly become in short supply and expensive. Many people are legitimately asking why: Why the sudden change in the supply picture, why the rapidly escalating cost of all forms of energy, and why did we not have some warning that the crisis was approaching?

I, along with my colleagues in the House and the Senate, have been endeavoring to find the answers to these critical questions. In the 1st session of the 93d Congress, which ended on December 22, 1973, more than 500 days of hearings were held by various congressional committees on energy-related issues. And the Senate opened up the 2d session of the 93d Congress with major hearings on the energy crisis and whether it has been contrived or manipulated. On January 21 and 22—the first 2 days of the new session—the Senate Permanent Subcommittee on Investigations received sworn testimony from the chief executive officers of the major oil companies.

An essential piece of legislation is now pending before the Senate, which, if enacted, can help supply the kind of information we need in order to assess and monitor the present crisis and to improve our ability to identify any future supply problems that may be developing. This bill is the National Energy Information Act (S. 2782) on which hearings are now being held in the Senate Interior Committee. I am a cosponsor of this bill and will be working hard for its passage.

But beyond our critical need for more adequate energy information and the questions posed about the validity of this crisis is one hard fact: If the world continues to rely primarily on petroleum for energy and if world demand continues at its present level, all known oil reserves on the Earth will be gone within the next 40 years. While 40 years may seem like a long time compared to the time-frame of the present supply crisis, it is a short time indeed to provide energy to the major industrial nations of the world. Moreover, as the economics of the developing nations expand and they begin to consume greater quantities of petroleum the world's recoverable reserves will be depleted even sooner.

The Arab oil embargo, imposed on the world last fall, has merely exacerbated a world situation of growing petroleum shortages. In the United States, it made more critical what had been anticipated as a minor shortfall of refined petroleum products for this winter and spring. The Arab embargo, while saving a serious short-run impact, has also brought some longer-range positive benefits. It has made us realize that the direction in which we were rather blindly heading was a potentially disastrous one. It has forced us to reevaluate our energy policies before we became so dependent upon unstable foreign supplies that an embargo on shipments to the United States could have brought our economy to an abrupt halt.

The primary cause of our energy crisis, in my opinion, is that we are too dependent upon petroleum and its refined products for energy. Sooner or later we will run out of recoverable oil, a finite resource. This overdependence on petroleum is at the root of other problems as well—particularly the air pollution which results from the combustion of fossil fuels. I believe it is essential, therefore, that our research and development efforts be immediately and substantially enhanced so that we can find and utilize new, clean, and inexhaustible energy sources, like the Sun, the wind, the tides and the natural heat of the Earth.

I am the author of a bill now pending in the Senate (S. 2650) which will provide for a major demonstration of existing technology to use the Sun's energy to heat and cool our homes. This program could have an immediate impact on the current supply crisis because the residential sector—our households—accounts for about 19 percent of total energy consumption. And only two uses—space heating and water heating—account for over 70 percent of household energy consumption. We have the technology now to utilize the Sun for household space heating and water heating.

In addition, the Senate passed in December a major energy research and development bill (S. 1283) providing more than $20 billion to discover new energy sources over the next 10 years. Geothermal energy, which has tremendous potential for California, would get a substantial boost if S. 1283 is enacted. It is now pending in the House of Representatives.

On November 28, 1973, the Senate Banking, Housing, and Urban Affairs Committee, while considering the Omnibus Housing Act, agreed to an amendment that I proposed along with Senator ROBERT TAFT. This amendment would authorize the Secretary of HUD to begin immediately a program of demonstrating the economic and technical feasibility of utilizing solar energy to heat and cool all types of buildings in the United States.

Another amendment to this housing act which I introduced with Senator TAFT, and which has been accepted by the committee, would allow the Federal Housing Administration to guarantee 90 percent of home-improvements loans to finance alterations that cut fuel consumption, including home-improvement loans to install equipment that would convert solar energy to heat homes. In addition, the Senate approved an amendment to the National Energy Emergency Act (S. 2589) which Senator FRANK MOSS and I offered to allow homeowners a tax deduction of up to $1,000 for the installation in their homes of storm windows, caulking, insulation, or solar energy equipment. Passage of this amendment is a dramatic demonstration that solar energy is indeed a good idea whose time has come.

Even under the best of circumstances, however, solar energy and other alternative energy sources will not be available to help meet the current shortfall of supply. The Federal Energy Office has estimated that for the first quarter of 1974, the effect of the Arab embargo is to reduce supplies of both crude oil and refined products by 2.7 million barrels a day below anticipated demand. Since the embargo, imports have been steadily declining, until—in the week ending January 11—they fell 2.3 million barrels a day below the peak preembargo level. The existence of a shortage cannot be denied.

We can meet this challenge in two ways: we can increase the production of domestic recoverable reserves, and we

can use the energy we do have more efficiently by curbing unnecessary energy consumption.

An important energy-conserving measure was provided when the Congress approved the implementation of year-round daylight savings time. I supported the bill authorizing year-round daylight savings time for the next 2 years when it was passed by the Senate on December 4, 1973. As you know, this measure has now become law and went into effect on January 6, 1974. It is anticipated that the implementation of year-round daylight savings will provide a 3 percent savings in electric power consumption alone. There is also expected to be a reduction in crime, improved traffic safety, more daylight outdoor playtime for the children and youth of our Nation, and greater utilization of parks and recreation areas.

Another conservation measure, signed into law in January, establishes a nationwide speed limit of 55 miles per hour on our highways. This reduced speed limit not only is saving gasoline but is improving highway safety as well.

One thing that must be assured is that all share equally the burden of a reduced amount of fuel. On December 4, 1973, the Senate approved an amendment offered by Senator DOLE of Kansas that no one industry or activity should be penalized by a cut in its energy supply disproportionate to that in other industries or activities.

Our public transit systems must be given a high priority for purchase of gasoline and diesel fuel to make sure that the buses keep rolling in areas of the State which are threatened with curtailed bus service. With gasoline shortages throughout the Nation, the working commuter must have public transportation or car pools or a rationing program that can guarantee enough fuel to make the daily round trip to his or her job.

The Emergency Petroleum Allocation Act of 1973 (Public Law 93-159) signed on November 27, 1973, grants to the President specific temporary authority to alleviate supply shortages of crude oil, residual fuel oil, and all refined petroleum products produced in, imported into, or refined in the United States. The current allocation regulation promulgated by the Federal Energy Office include mandatory allocation programs for crude oil, propane and butane, aviation fuel, residual fuel oil, and petrochemical feedstocks. Middle distillate fuels, such as diesel fuel, are also allocated under the program. Agriculture, a major California industry, has been allocated 100 percent of its need for fuel. Diesel fuel is especially important for public transportation systems, and a high priority for diesel fuel allocation must be given to essential public transportation services, particularly those in areas that have been ordered by the Environmental Protection Agency to reduce dramatically the use of private automobiles in order to lessen air pollution.

Petrochemical feedstocks are all covered under the mandatory allocation program, with the goal of supplying the current requirements of petrochemical producers. A recent decision by the Cost of Living Council to remove price controls on petrochemicals and plastic raw materials is intended to ease further the critical shortage of these commodities. This should help the plastics industry, which has been hurt by the fact that it was apparently more profitable for the petrochemical industry to sell petrochemical feedstocks abroad than at home.

What may affect more people than any other energy program is the Federal Energy Office's proposal for gasoline rationing; 81 percent of the automotive gasoline in this country is sold at the retail level, with the remainder being sold to bulk purchasers. Under the proposed rationing system, all retail gasoline purchases will be made through coupons distributed to provide for retail sales. The gallons per coupon allowed for any month will be the same across the Nation; however, the amount may be changed from month to month, depending on the availability of gasoline.

The administration assumes that the average monthly distribution will amount to 32-35 gallons per person. The distribution formula will be weighted to take into account such factors as the availability of mass transit facilities, the concentration of places of employment, and urban vs. rural differences in essential personal automobile usage. I am concerned that under this plan many California workers will not be able to get to their jobs. I have expressed my concern to William Simon, Administrator of the FEO, about the inadequacy of proposed gasoline allotments for Californians, and my staff is now conducting a survey of California business and labor leaders to determine the specific gasoline needs that Californians will require to make essential automobile trips.

Another controversial aspect of the administration's rationing plan is that coupons will be distributed to all Americans 18 years or older who hold valid drivers licenses. This discriminates against licensed drivers born after 1956. Constitutional arguments against this aspect of the plan have been raised and must be investigated.

Although I cannot endorse the particular rationing plan the Government has designed, I do favor the idea of rationing gasoline rather than the administration's current strategy of trying to limit gasoline demand by imposing a high tax on each gallon of gasoline sold, or by just letting the price of gasoline rise. Such a tax or price increase as a means of reducing gasoline consumption would work an incredible hardship on the working men and women of the country. Those who can afford to pay the higher price would be able to buy all the gasoline and fuel oil they needed. But the elderly and working people—all who are living on fixed or limited incomes—would be effectively squeezed out of the market. A workable system of gasoline rationing is the only equitable method for allocating scarce supplies.

I have joined with Senator LOWELL WEICKER, JR., in sponsoring a bill (S. 3015) which would require the President to publish and implement immediately a plan for the rationing of gasoline. The bill, called the "Mandatory Gas Rationing Act of 1974," would require the President to impose a system of rationing within 30 days of its enactment. It provides for procedures by which a gasoline user could petition for a review or modification of his monthly gasoline allotment. And it would allow the President to utilize State and local offices to carry out any rationing plan.

We must start today to develop new sources for the fuels we already use to supply our needs. One excellent source of oil for California is Alaska's North Slope. This oil, in addition to all its other attractions, has a low sulfur content, and its availability would help ease California's serious air pollution problems. During Senate debate on S. 1081, the Federal Lands Right-of-Way Act of 1973, which has now been signed into law and which will permit construction of the Alaska Pipeline, I opposed the Mondale-Bayh amendment which would have delayed action on the pipelne for 1 year pending further study of the Trans-Canada alternative pipeline route. I think we must get the North Slope's oil to California as expeditiously as possible. This oil will not be exported. An export limitation provision was included in the final version which was signed into law on November 16, 1973. This provision requires that before any crude oil can be exported "the President must make and publish an express finding that such exports will not diminish the total quantity or quality of petroleum available to the United States, and are in the national interest and in accord with the provisions of the Export Administration Act of 1969."

While we profit from Alaska's rich deposits of oil, we must make every effort to preserve and to protect the environment. In order to prevent major spills, particularly by the supertankers which will transport the oil from Valdez to west coast harbors, Congress included in the law strict vessel construction standards and directed the Coast Guard to establish a vessel traffic control system for Prince William Sound and Valdez. Hopefully, these measures will lessen the chance for spills from these tanker operations.

Another important source of oil for California is the Elk Hills Naval Petroleum Reserve. On December 19, 1973, I was successful in helping to pass by an overwhelming vote Senate Joint Resolution 176, which authorizes the production of petroleum from the Elk Hills Reserve at a maximum rate of 160,000 barrels of oil a day. The resolution is now before the House of Representatives, and I am working with Vice President FORD to secure its passage there.

I testified on December 10, 1973, before the Senate Armed Services Committee in support of this resolution. In light of the serious need of southern California for fuel supplies, especially for nonpolluting low-sulfur oil, I urged the Senate Armed Services Committee that this means of reducing the military drain on civilian oil be authorized. In November and December 1973, 19.7 million barrels of oil from civilian stocks were allocated to the Armed Forces. It is bad planning for the

military to be given first priority in the allocation of scarce fuels while oil reserves set aside for national defense lie unused.

I also urged that areas faced with serious air pollution problems such as Los Angeles be permitted to exchange some of their high-sulfur oil for the low-sulfur oil the Navy would get from Elk Hills. Production from Elk Hills, for the 1 year that Senate Joint Resolution 176 authorizes, would not endanger oil reserves for national defense since it would deplete less than 5 percent of the 1 billion barrels of oil known to be in the Elk Hills Reserve. At the same time, it would relieve the energy shortage threatening southern California.

I introduced legislation last August to protect California offshore oil and gas by creating a Federal energy reserve in the Santa Barbara Channel. My bill would permit exploratory drilling to find oil in Federal waters, but it would ban all new production there except in a national emergency. The bill is designed to resolve the controversy about whether environmental considerations necessitate the suspension of oil and gas production in the Santa Barbara Channel. Under the legislation I proposed, a Federal energy reserve would be created in the Outer Continental Shelf waters in the channel. All production of oil and gas on the leases within the reserve, except for the three that are now producing—Union, Sun, and Phillips—would be suspended until we have developed and proven elsewhere an offshore extraction technology that can insure maximum environmental protection. My bill addresses the problem of an energy shortage by allowing the continuation of exploratory activities in the channel, for the purpose of identifying the oil and gas reserves we can tap at some future date. If and when oil is found on any lease, the right to proceed with production would automatically be suspended and held in abeyance in the Federal energy reserve until we have developed and proven an environmentally sound technology. Thus, we would be locating and protecting sources of energy while not harming our environment.

Methods must be found by which shale oil and coal can be extracted from the earth without ravaging its surface. The United States has the richest coal deposits in the world, and in shale oil, the largest petroleum deposits in the world. We must learn to use them without irreparably scarring the earth.

Another source of energy is natural gas. The price of natural gas at the wellhead is established by the Federal Power Commission. Some have charged that the price of this form of energy has been kept artificially low and that this has discouraged exploration. The Senate Commerce Committee is now developing major legislation (S. 2506) to reform the regulatory process by which the Federal Power Commission "regulates" the price of natural gas at the wellhead.

An effort must be made to develop new forms of energy to give us the power we need. Nuclear power from fusion reactions has great potential as a source of electric power for the future. There is a vast supply of fuels to feed fusion reactions, and fusion fuels and reaction products are for the most part nonradioactive. Nuclear fusion reactions, unlike fission reactions, produce no radioactive wastes that can endanger the environment. In addition, it may be possible to convert the energy from fusion reactions directly to electricity, bypassing the steam cycle necessary in fission reactions, and thus eliminating thermal pollution. In general, the environmental and health hazards of fusion reactions are much less than those of conventional fission reactions. To date, however, our understanding of the fusion process is still incomplete and, at best, fusion reactors probably will not be available commercially until the 1990's. A wise expenditure of our national research dollar would be to accelerate greatly our research and development of nuclear fusion technology.

The United States is also beginning to tap its large resources of geothermal energy. Wherever radioactive materials are decaying just beneath the surface of the earth and producing great amounts of heat, we can tap the potential of this form of natural energy. This includes the potential of natural steam to produce electricity. As with other forms of energy contained within the earth, we must be careful not to damage the earth's surface.

While these various efforts are underway to deal with the energy problem, we in government must do everything possible to ease the added burden which energy-related costs place on the American people. As long as demand exceeds available supply, the costs to heat our homes, run our businesses and factories, operate our transportation systems, and drive our cars will bring an unwelcome strain to the budgets of each household.

I supported a provision in the National Energy Emergency Act which would require a rollback of crude oil prices. This rollback would be passed on to the consumer as a reduction in the cost of many fuel products, including gasoline. I am determined to do all in my power to prevent oil companies or any other industry from making exorbitant profits at the expense of the overburdened American consumer.

The American people can meet the challenge presented to them by the current shortage of energy. We may have to make some adjustments in our style of life, particularly our love affair with the internal combustion engine and the single-occupant automobile. We must make these changes not only to save energy, but also to help maintain environmental quality, a goal which we must never abandon.

I am confident that the ingenuity and strength of the American character—qualities which enabled our country to attain its great stature—will provide the American people with the tools to meet the challenge of the energy crisis.

THE MYTH OF STUDENT APATHY

Mr. HUMPHREY. Mr. President, on February 25 I addressed the delegates to the third annual conference of the National Student Lobby.

The enthusiasm I encountered reaffirmed my skepticism of the charge that apathy is the new mood on campus.

It was apparent to me that students have made great strides toward the establishment of a solid political force geared to have an impact on policymaking in hard-core areas of direct concern to the national student community. They have attempted to come to grips with such issues as student financial aid, the minimum wage differential for students, and the impact of the energy crisis on educational opportunity.

I spoke quite candidly to the students about their responsibility to build on the political force that is available on the campuses across the country. I stressed the compelling urgency of their continued involvement in the development of national priorities which will have great impact on the quality of their lives in the coming years.

It is important that young people have a keen awareness that the political habits they develop today will bear a direct relationship to their capacity for effecting the changes which will be necessary to tackle our staggering, unfinished agenda. This includes health care, education, housing, care for the elderly, employment for the jobless, and land use and resource management and development.

It has become increasingly apparent that we have not been equipped to deal with the problems arising out of our modern technocracy. Now, while we still have time, we must establish a mechanism to coordinate the planning functions of all levels of government. We in the Congress owe it to ourselves and this future wave of Americans to get down to the business of assuring that we are prepared to face the future. It is my belief that the students of this country will be a vital component in these efforts.

Mr. President, I ask unanimous consent that the prepared text of my address of Monday evening be printed in the RECORD.

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

REMARKS BY SENATOR HUBERT H. HUMPHREY

It is a great pleasure to have a part in your third annual Student Lobby Conference.

I understand you have come to Washington to see the government first-hand and to make some points about the way you want things done. Go to it!

Your work here is serious business. I like to think that each of you is on the way to a personal and collective "rendezvous with destiny," in Franklin Roosevelt's words. Each of you is—or should be—struggling with the difficult problems which threaten our national well-being and your own future.

In just the past few years, the American people have become awakened to the very real force which young people in politics can represent.

This irresistible urge to participate is fired by your refusal to accept the flaws in our society, and this is fundamentally healthy.

You refused, for example, to accept our continued involvement in the quagmire of Vietnam and helped us find the courage to say, finally—No more! Get out!

You refused to accept loose policies which allow a kind of "environmental genocide." With your support we have begun to enact

environmental protection legislation with teeth!

You helped us show the American people that civil rights is more than a catchphrase—that it will take more than legislation and Supreme Court decisions to create a sense of community and brotherhood.

But lately, we've heard that apathy has set in on the campus, that somehow the sense of commitment has been lost to selfish interests.

Well, I just don't believe it. Your presence here tells me that your fervor is still very much intact.

You have won substantial gains in the early '70's. Almost while nobody was watching, you mustered the new strength of the under-21 vote to translate the angry mood of the '60's into a powerful force for change. You have elected mayors, city council members, county commissioners, and state representatives.

You have placed members on Boards of Trustees and in other key positions in colleges and universities.

You have brought about rapid changes in antiquated curricula by insisting that the schools offer courses which deal with life in a modern technocracy.

In short, you have laid the foundation for an effective political force.

But you're not off the hook. Now, I challenge you and those you represent to hold onto the steam you have built up.

A myriad of problems command your attention. So much seems to have gone wrong somehow.

You know something is wrong when in the United States—the center of the world's oil producing industry—people have to wait for two hours to buy three dollars worth of gas, and when truckers—the people who move the goods—feel so pushed and cheated that they set up blockades on the nation's highways.

Something is wrong when we find this country experiencing an almost all-time high in inflation and unemployment at the same time!

Something is wrong when our Administration sends a record-high peacetime budget request up to Congress, and the only deliberate increase our President wants is in defense spending. All this, by the way, while we are told to relax, because this is the first period of peace in years!

It's discouraging to hear your President speak glowingly of economic prosperity, and then turn around to find that he's talking about corporate prosperity.

The facts show that the average family income deteriorated last year—at an annual rate of 4.4% by the end of 1973, taking into account the impact of inflation and higher taxes.

I am deeply concerned when I hear the economists predict the loss of an additional 1.2 to 1.8 million jobs in 1974. Something is wrong. And I don't hear any sound proposals from the Administration on how we might deal with this critical situation.

And in education—the Congress has had a time just trying to keep post-secondary education assistance programs alive during the Nixon Administration.

The fiscal 1975 budget would provide a welcome opportunity to increase funds available for Basic Opportunity Grants. But the Administration proposes once again this year to eliminate the Supplemental Opportunity Grants, the State Student Incentive Grants, and the important direct loan and defense loan programs. This would pull the rug out from under one million, 66 thousand (1,066,000) students. That's the total number who were assisted by these programs last year.

In addition, officials estimate that the number of guaranteed student loans is down by more than 35 percent from last year. Banks are hesitant to lend money at the lower rate required by law.

What does all of this mean?

It means that parents, especially those in the middle-income bracket, are finding it harder than ever to finance education for their youngsters.

It means that there is a mad scramble for student jobs on campus, and not enough to go around.

It means that many young men and women will be denied the opportunity to choose the school they want, a school where they can receive training in a special interest area.

This financial crunch means that many fine private colleges will have to either raise their tuitions—or close their doors.

Yes, our national priorities are in bad shape. But you didn't need Hubert Humphrey to tell you that.

We have a staggering, unfinished agenda including health care, education, housing, care for the elderly, employment for the jobless, land-use, resource management and development.

How will we solve these problems? How will we provide for the human needs of our people now, and ten years from now—twenty years from now?

These problems have to be tackled whether we like it or not.

The choices we face, the decisions we make, the priorities we establish today will determine what kind of future your children—and my grandchildren—can look forward to.

You, more than any of us, must be deeply interested in establishing policies which will assure a quality of life in America in the coming years.

Up to now, we have been very concerned with quantity—with things. We have an impressive array of gadgets, wonders of the modern age. Television sets, automobiles, airplanes, telephones—these are among the staples of our society. Add to that everything from trash compactors to machines that compute in the trillions.

This is fine, but there is another side to this pretty picture.

We have overcrowding—in housing, in cities, and in the schools. With the best technology in the world, we still haven't found a way to assure every American decent health care at reasonable cost.

We still don't have an adequate transportation system.

We have extremes of wealth and poverty; of affluence and deprivation, of education and illiteracy.

How did we get this terrible imbalance?

I have a theory about that. I believe we're in the situation we are in today because we've never really had a clear idea of where we are growing!

In our first hundred years as a nation, we didn't have to think about priorities. As a fledgling democracy with no place to go but up, we could afford to open the floodgates of technology. We were heirs to a great fortune in land, natural resources, skill and humanity. No one saw the need to check the progress every now and then to see if it all fit together.

So now, in 1974, we find ourselves trapped in an awesome web of technical know-how, and somehow it just isn't working out right. We ran headlong into the brave new world, tripping over our humanity along the way. Will we continue to be gobbled up by our own creations, or will we begin to make them work for us?

Two thirds of our population now lives in urban areas. When the 21st century is ushered in, our population is expected to rise to somewhere between 270 and 300 million, with 85% living in urban areas.

We—you—are going to have to find a way to feed, educate, house, transport, and provide cultural opportunities for these people.

"Future Shock" is exactly what we will feel if we don't begin today to cope with these problems.

We have to decide—today—whether we will design the future—or resign ourselves to it.

Our challenge is to reach out for the balance in human relationships that can be found between conflict and operation; between growth and stability; between individual free choice and common good; between technology and social responsibility; between economic needs and environmental protection; between urban and rural; between the old and new; and between national and local goals.

But how—and through what means—can we reach out for that balance? What mechanisms and processes do we now have that will permit us to develop the policies and plans to design our nation's future human environment?

The answer to that question, sadly, is that there are none.

There is no mechanism to help us deal with the consequences of the rapid changes resulting from the onrush of science and technology.

As it is, our priorities are subject to a reckless, slipshod budget process which provides no overall analysis of our realistic national needs.

Each department of government—each special interest group—goes to bat for its own share of the pie.

The Executive Branch pieces all of this together and sends it up to Congress, which examines each request individually—again, with no procedure for viewing the whole picture in terms of over-all, long-term national goals and priorities.

Today in the Senate, I introduced a bill which I consider to be one of the most important pieces of legislation of my 30 years in public service. It can help us to design the future, to help create the means to better understand and anticipate the future and bring about orderly change.

My proposal would establish an Office of Balanced National Growth and Development within the Office of the President to develop specific national policies relating to:

Population settlement and distribution patterns;
Economic growth;
Environmental protection;
Income distribution;
Energy and fuels;
Transportation;
Education and health care;
Food and fiber production;
Employment;
Housing;
Recreation and cultural opportunities;
Communications;
Land use;
Welfare;
Technology assessment and transfer; and
Monetary and fiscal policy.

This proposal would set up a framework for a sound mechanism to help us assess our current resources and use patterns.

And it would give us a process whereby we can establish management practices to sustain our resources for your future.

It is imperative that we understand that those precious resources are no longer abundant in this land. We have to act now to conserve and manage our remaining supplies of oil and water and land and trees and the other resources necessary to maintain our vast population.

We're going to have to make some choices about our uses of scarce supplies.

Before the energy crisis, I'll bet you didn't know that you have to have petroleum to produce such things as aspirins, and plastic bottles, and record albums and fountain pens.

Someday—in the not too distant future—we will be forced to make some choices about the kinds of things we can do without.

Right now—today—we'd better be about the business of strictly conserving those re-

sources which are non-renewable, such as oil.

And for those resources which are renewable, we have to establish policies now which will guarantee sustained yields in the years to come. We have to act now to assure proper management of our national forests and grasslands, our water resources, agricultural production and so forth.

If you don't remember anything else from my talk here tonight, I want you to recognize the urgency of this challenge.

What we in the government do now—or fail to do—will literally determine your future. Our failure to act now can cast grave doubts on whether you will have a future at all. We can take some of the speculation out of your rendezvous with destiny.

So when you go up to Capitol Hill tomorrow, tell your representatives in the Congress that you're watching what they do. Tell those mayors and city council members and state representatives you helped elect that it's your future they are investing in, and you're going to keep mighty close watch on the returns!

To those who find this a troublesome prospect, I say, "Get with it—or get out of the way!"

THE GENOCIDE CONVENTION AND WORLD PEACE

Mr. PROXMIRE. Mr. President, I believe that we Americans overwhelmingly support international standards of human dignity. We want freedom to live, a most fundamental freedom, for all people of the world.

Nevertheless, cynical voices are raised in objection to the Genocide Convention. They ask: "What can it accomplish and why do we need it when our own laws already protect us from the threat of genocide?" They say: "There is no real need for this Treaty."

Mr. President, my answer to these critics is this: The United States has as its state foreign policy objective, the promotion of peace and freedom. Human rights and peace are historically interdependent. When the human rights of any people are threatened, peace itself is in jeopardy.

In 1945 at the San Francisco Convention which led directly to a strong endorsement of the international promotion of human rights in the U.N. charter, the U.S. delegation supported the human rights decision in that charter. The charter recognized that unchecked domestic oppression too frequently grows into foreign aggression, as demonstrated by the Axis powers during World War II.

It was nearly 29 years ago that the United States led in the worldwide struggle for human rights. Although we can be proud of our leadership at the 1945 convention, we must not rest upon our laurels. For 25 years now we have refused to take a stand on the United Nations Convention on the Prevention and Punishment of the Crime of Genocide.

I call upon the Senate to consider the connection between human rights and world peace. I urge the Senate to assume a position of leadership by ratifying the Genocide Convention.

FIFTY-SIXTH ANNIVERSARY OF THE DECLARATION OF ESTONIAN INDEPENDENCE

Mr. STEVENSON. Mr. President, February 24 marked the 56th anniversary of the Declaration of Independence for the Republic of Estonia. This celebration of thousands of Estonian Americans is sobered by the reminder that the 15 million people who still live in their historic homeland remain under Soviet control.

It is my honor today to join my colleagues in the Senate to pay tribute to the proud and courageous people of Estonia. Even though Estonia has been occupied by the Soviet Union since 1940, its people have preserved, against overwhelming odds, their national and ethnic identity.

The desire of Estonians for freedom and national self-determination remains strong, and I am confident that this spirit will always endure in their hearts and minds. Mr. President, I am proud to join the Estonian people in paying tribute to the aspirations of all who yearn for freedom and basic human rights.

QUALITY OF LIFE FOR CONNECTICUT CHILDREN

Mr. RIBICOFF. Mr. President, on April 27, 1974, a Quality of Life Conference for Connecticut Children will be held at the University of Connecticut's Health Center in Farmington.

As a part of the conference, the Connecticut Child Welfare Association, the Parent-Teacher's Association of Connecticut, the Judiciary Committee of the State legislature and a number of dedicated private organizations are sponsoring a Declaration of Youth's Rights and Responsibilities.

The purpose of this project is to bring into focus and create a public forum for discussion about the rights and responsibilities of Connecticut youth and their families. The major issues to be discussed will be education, health, human services, economics, and the legal rights and responsibilities.

I am pleased that Connecticut's people are taking such an active interest in the problems of youth. This innovative conference, which is an outgrowth of the 1970 White House Conference on Youth and related conferences sponsored by the American Medical Association, will give youngsters throughout the State of Connecticut an opportunity to come together, to create and formulate a document for their school which will outline their rights and responsibilities.

The plan is to have all participating schools send youth representatives with their draft document to a Constitutional Convention in Hartford on March 16 to draft a final Declaration of Youth's Rights and Responsibilities for the April 27 conference.

Such a program will bring the youth of Connecticut together to learn about their fellow Nutmeggers and at the same time will teach them the need to cooperate in achieving a worthwhile goal.

I strongly support this program and wish the participants success in their work.

I ask unanimous consent that material pertaining to the conference be printed in the RECORD.

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

DECLARATION OF YOUTH'S RIGHTS AND RESPONSIBILITIES

Project objective

There are many sources today, public and private agencies, the courts who while working with youth are not clear what are the Rights and Responsibilities of Youths, ages 0–18, under the Constitution of the United States. Much energy and research is going into an examination and evaluation of those rights. These rights pertain to citizen's rights and cover such areas as poverty, adoption, foster care, legal rights of a child (such as a child has the right not to be so physically and emotionally abused that it becomes a detriment to his or her health, welfare and survival). It covers rights before the law to legal representation, regardless of age. A child is entitled to the due process, equal protection and guarantee against cruel and unusual punishment. The Juvenile Courts, working on behalf of children, deny children in many instances that due process, the right not to incriminate themselves (guaranteed to them under the 5th Amendment), etc.

Many youths, particularly those between the ages of 16–18, are not covered by certain legal interpretations. In order for this age group to receive services in the State of Connecticut they have to break a law. Protective Services and Police feel that 16 year olds or above are entitled to certain privileges of adulthood . . . and yet according to Connecticut law, adulthood begins at age 18. On one hand a runaway has the right to decide for himself where he or she wants to live on the other hand the parent is still legally responsible.

It is evident that although many adults very definitely work on behalf of children . . . they are interpreting the rights of the child from an adult standpoint. It has become increasingly clear that youths must be heard from for two reasons: (1) a generation gap begins to exist once age sets in; (2) youths must know their rights under the Constitution of the United States for their better and more enlightened citizenship. Knowing of the greater enlightenment of youths today, who have more information at their fingertips, with life being faster paced, it is vital that in the day-to-day situation youths are aware of their rights—their voting rights, their legal rights, their living rights. It is also important that they also know their Constitution.

WHAT IS QUALITY OF LIFE?

The Quality of Life, is a series of conferences, being held nationally and state wide that deal with a number of subjects that speak to the "bettering" of "the Quality of Life". The Connecticut Conference of Quality of Life deals with Youths and their Families discussing such subjects as EDUCATION, HEALTH, HUMAN SERVICES, JUSTICE (the child before the law) and ECONOMICS. The Connecticut Conference will be held on April 27, 1974 at the University of Connecticut Health Center in Farmington.

WHAT DOES QUALITY OF LIFE HAVE TO DO WITH THE SCHOOLS?

How can you have a Quality of Life Conference for Connecticut Children without the children being represented?

The Jeffersonian principles on democracy suggest that any real flowering of democracy involves a grass roots movement. We are therefore asking the help of the schools to gain us the type of youth representation that indeed involve the "grass roots".

The Quality of Life Conference for Connecticut Children will produce three major position papers divided into three chronological developmental age groups—The Child and His Family from 0–6, 7–12, 13–18. Under those headings the subjects of education, health, human services, justice and economics will be discussed. However, we also need the fourth position paper—The Declaration of Youth Rights and Responsibilities thought out by youth, initiated by youth,

and totally representative of youth of our State.

Whereas the developmental Position Papers will be written by adults it seems only proper and right that the fourth position paper be written by youth for youth and that every junior high and high schoo' get the opportunity to participate—public schools, private schools and parochial schools.

THE HOW TO DO IT

Dear Superintendent, Dear Principal, Dear Department Head and Dear Teacher—as if you hadn't enough to do already, we need your kind and generous help to make this a reality and there is a time limit. PLEASE do help us.

1. The Class Level—This project is for each school to write its version of a Youth Bill of Rights. You cannot do this without referring to, of course, the Constitution of the United States. We see this as part of Social Studies, Civics, Government classes, etc. Consideration for the Declaration of Youths' Rights and Responsibilities would have to begin on the class level where youths' research the elements and interpret what their rights and responsibilities are. These would have to be spelled out. Several classes working on this project would begin to caucus first singly and then together in combined sessions. A caucus is a group working together putting together such a document. We realize the youngsters are going to need help . . . and dear teacher you are vital to this process. However, we suggest the involvement on this level of your local legislative representatives. They will know about this project since they will have gotten a letter of invitation informing them of this project. Here is a chance to talk to and get help from the persons who make our laws. They might be quite interested in what your youngsters have to say or the youngsters might be quite interested in what the legislators have to say.

2. The School Level—We suggest that when the classes have finished caucusing and have come up with a combined document that is felt to be representative of the school, that such a document be circulated to all students, teachers, and parents and subsequently prior to March 10th a Constitutional Convention Assembly be held where all items submitted be voted on by a majority of the student body.

You might want to invite to this assembly to speak, the Legislative Representative who has helped you with this process, or all Legislative representatives of your area whether or not they have helped. Let them know what our students have worked on. Let them be participants. Give them a copy of the schools Declaration of Youths Rights and Responsibilities.

Do also invite the news media—your local radio and television station news department, your local newspaper is a vital link in this process since they are the guardians of democracy in many ways. The idea is to create a PUBLIC FORUM. . . . and that's what this is really all about. Please fell free to include your Public Library too.

There are several responsibilities that the student assembly has:

1. To Pass the various points drafted up by classes as your Declaration of Rights and Responsibilities.

2. Elect three representatives who would bring his document to the State Capitol on the weekend of Saturday, March 16, 1974, at which time a Constitutional Convention for the Declaration of Youths Rights and Responsibilities would be held at the Capitol in Hartford. All Schools participating would be represented and a combined document representative of all schools would be molded and voted upon by the youngsters.

Representation should include 1 boy, 1 girl, 1 teacher. Teacher can be voted into that slot or chosen by the principal at the discretion of the school. Included in this group ex-officio would be a parent representing the schools Parent-Teacher organization. Voting at the Constitution in Hartford would be by youth alone.

The completed document when voted and finalized should be forwarded prior to March 10th with names of delegates from your school to: Paul G. Rosenfeld, Program Chairman, Connecticut Child Welfare Association, Inc., Quality of Life for Connecticut Children, 1040 Prospect Avenue, Hartford, Connecticut 06105, 236–5477.

Of course retain a copy for yourself and bring with you to Hartford on March 16th.

You might also wish to forward copies to your elected representatives.

3. Your elected representatives will be asked to participate in Hartford on March 16, with your school representation to help them learn the process of holding and conducting a Constitutional Convention. They hopefully will be on the floor of the Capitol with teacher and parent in staffing or helping staff the Conventional Assembly.

WHO TO CONTACT FOR WHAT:

A. *For General Information* and Forwarding of Enclosed Registration Form which will tell us that you are participating is: Paul G. Rosenfeld, Program Chairman, Connecticut Child Welfare Assn., Inc., 1040 Prospect Avenue, Hartford, Connecticut 06105, 236–5477.

B. When Document is Complete with names of participants on March 16 at Hartford also forward to above address *not later than Friday, March 8, 1974.*

C. Financial costs for participation at the March 16th Constitutional Youth Convention must be born by the school or individually. Please make your own hotel reservations if applicable.

D. If you need help in Constitutional Law—Please contact your own representative from your area or Representative E. Ronald Bard, Judiciary Committee, Judiciary Room, State Capitol, Hartford, Connecticut 06115.

Mr. Bard can be reached at: 853–4444, 566–5507.

SPONSORS FOR THIS PROJECT ARE:

Judiciary Committee, Connecticut State Legislature, Senator George Guidera, Chairman, Representative James F. Bingham, Chairman.

Connecticut Council of Parents-Teachers Association, Sponsor Agencies, Public and Private of the Quality of Life Conference for Connecticut Children.

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Reference: The Constitution of the United States, Articles V and XIV.

ORIENTATION SHEET

The public and private agencies of the State of Connecticut listed below will sponsor an all day Quality of Life Conference for Connecticut Children and their families on Saturday, April 27, 1974 at the University of Connecticut Health Center in Farmington, Connecticut (a suburb of Hartford.).

The sponsoring agencies as of Feb. 10, 1974 were:

1. Auerbach Service Bureau for Connecticut Organizations.
2. American Cancer Society, Conn. Div. Inc.
3. American National Red Cross, Greater Hartford Chapter.
4. Child and Family Services of Conn.
5. Conn. Assoc. for the Education of Young Children.
6. Conn. Assoc. for Retarded Children, Inc.
7. Conn. Heart Assoc., Inc.
8. Conn. Hospital Assoc.
9. Conn. Speech and Hearing Assoc.
10. Cystic Fibrosis Assoc. of Conn.
11. Conn. State Federation of Women's Clubs.
12. Easter Seal Society for Crippled Children and Adults.
13. Elementary School Principals Assoc. of Conn.
14. Conn. Child Welfare Assoc.
15. National Assoc. of Social Workers, Northern Conn. Chapter.
16. Conn. Conference of Christians and Jews.
17. Conn. State Medical Society.
18. Conn. State Grange.
19. Conn. Dairy and Food Council.
20. Women's Auxiliary to the State Medical Society.
21. State of Connecticut Dept. of Mental Health.
22. Dept. of Health.
23. Junior League of Hartford.
24. Conn. Education Assoc.
25. Dept. of Children and Youth Services.
26. Conn. Advisory School Health Council.
27. National Council of Jewish Women.
28. Conn. State Library.
29. Parent-Teachers Assoc. of Conn.

Quality of Life Conferences are an outgrowth of the White House Conference on Youth, and have become a major project of the American Medical Association. A national Quality of Life Conference was held in Chicago, March 22–25, 1972 and a regional conference was held in Boston in April 1973. These conferences will now be held on state levels and the Quality of Life Conference for Connecticut children and their families will be held on April 27th.

The reason and purpose for Quality of Life Conferences is the question: What factors are preventing us from improving a better quality of life for all of Connecticut's children and their families?

It is a planning conference dealing with human needs to the year 2000—in the areas of education, health, justice (The Child Before the Law), human services, and economics.

The Quality of Life Conference for Connecticut Children is headed up by Mrs. Peg Roch, Chairman (RFD 3, Box 417, Willimantic, Ct. 06226—Phone 423–9649) and Mrs. Debbie Leighton, Co-Chairman (Conn. Dept. of Child and Youth Services, 345 Main St., Hartford, Ct.—Phone: 566–3421). Program Chairman is Paul G. Rosenfeld, (Connecticut Child Welfare Asso., 1040 Prospect Ave., Hartford, Ct. 06105—Phone: 236–5477).

What does the Quality of Life Conference for Connecticut's Children entail and has work on the program begun?

The conference entails a lot, since there are some 28 public and private agencies involved. It also entails some major issues that will be discussed in this sheet. *It is more* than a

one-day conference. The conference itself is only a focal point. There will be a series of Quality of Life Conferences in Connecticut until the needs of all Connecticut children and their families are met.

What's happening now? Three sub-groups of the Program Committee are now preparing *three* major position-working papers which will be beginning papers for consideration and discussion at this conference. These position-working papers will be available for scrutiny and discussion by March 30th and can be secured by contacting the Program Chairman of the Conference: Paul G. Rosenfeld, Conn. Child Welfare Assoc., 1040 Prospect Ave., Hartford, Conn. 06105, Phone: 236–5477.

Who is writing the three position papers. *All* participating agencies have been invited to participate by submitting materials for these position papers. The co-ordinators for the developmental sequences are: The Child and His Family form Conception to Age 6, Dr. Estelle Siker (MD.), Chief, Community Services, Conn. State Dept. of Health, 79 Elm. St., Hartford, Ct. 566–4282.

Dr. Margaret Wilson, East. Connecticut State College, Willimantic, Ct. 423–4581 ext. 277.

The Child and His Family From Ages 7–12; Dr. Margaret Sheriden, Connecticut College, New London, Connecticut 447–9836, 442–5391 Holmes Hall.

Dr. Lee Stopworth, Central Conn. State College, New Britain, Ct. work: 225–7481, home. xxxxxxxx

The Child and His Family Ages 13–18, Dr. Albert Allissi, Univ. of Conn., School of Social Work, West Hartford, Conn., home: 658–0784.

Mr. Paul Nuttall, Assoc. Professor, Human Relation Specialist, Co-operative Extension Service, Univ. of Conn., Box U–117, Storrs, Ct. 06268, 486–0724.

The three major papers, although developmental in sequence, will each discuss under these headings needs as indicative of Education, Health, Justice (the Child Before the Law), Human Services, and Economics. A charted subject graph is attached for further enlightenment. The tentative program for the April 27th meeting, a working conference, is also attached for your information.

The first major speaker to confirm her participation in the conference and will give "The State of the Quality of Life" speech is: Dr. Effie O. Ellis (MD.), Special Asst. for Health Services, Office of the Executive Vice President, Chicago, Ill.

Dr. Ellis was one keynote speaker of both the Chicago (1972) Conference and the Boston (1973) Conference.

Several major factors to consider about this conference are:

(1) It's a working conference on problems concerning children and their families.

(2) It will involve a total inter-disciplinary approach.

(3) It will involve youth, lay people, and professionals talking and discussing common problems and common solutions concerning the poor, the middle class, etc.

(4) Discussions will be made up of small groups. (20 or less)

What else does this conference involve?

There will be a fourth position paper:

THE DECLARATION OF YOUTHS RIGHTS AND RESPONSIBILITIES

This is a Bill of Youth's Rights as Connecticut Youth interpret their rights and responsibilities under the Constitution of the U.S.

This is in the process right now. Every secondary school in Connecticut, public, private and parochial, has been invited by three major sponsors to participate by holding a Constitutional Convention Assembly at their school. The major sponsors are:

(1) The Judiciary Committee, of the Connecticut State Legislature, Senator George Guidera, Representative James F. Bingham, Chairmen, 566–4483.

(2) The Parent-Teachers Assoc., of Connecticut, 282 Farmington Ave., Hartford, Conn., 527–5231.

Contact Persons: Mrs. Dolly Schuster, 527–5231, Mrs. Eileen Litscher, 929–3813, Dr. John Onofrid, 934–6631 ex. 204.

(3) Quality of Life Conference for Connecticut Children.

The involvement asks schools to draw up for their school a Declaration of Youth's Rights and Responsibilities by holding a Constitutional Assembly. After finalizing such a document, each school will forward that document with student representatives to a State Constitutional Youth Convention on Saturday, March 16, 1974, to be held in the Hall of the House of Representatives in the Capitol. One document will be drawn up from these by the youth, representing all Connecticut Youth. The document will be a Youth Bill of Rights. This document and a strong representation from this conference will be participants at the Quality of Life Conference on April 27th.

Guide lines for this project are available through: Paul G. Rosenfeld, Conn. Child Welfare Assoc., 1040 Prospect Ave., Hartford, Ct. 06105, 236–5477.

General Information: Representative Ron Bard, Judiciary Committee, Bissell Lane, Norwalk, Ct., 566–5507, or 853–4444.

Concerned issues—The rights of children under the Constitution of the U.S., specifically, Article XIV, Section I, Article V.

(1) A child is entitled to all services, privileges, and perogatives of citizenship and protection as outlined by all legislation passed into law involving federal, state, city, and county government.

(2) A child is entitled to the due process, equal protection under the law, legal representation and guaranties against cruel and unusual punishment.

(3) Police, Protective Services, the Juvenile Court and the schools, for example, interpret a 16 year old as an adult. Connecticut law states an adult to be any person over 18 years or older. There is a conflict of interpretation. A generalization often made which may be generally true states that "the only way a 16–18 year old person can get services in Connecticut is to break a law."

(4) A youth 16 or under in the Juvenile Court is often as not, not represented by counsel and may incriminate him or herself by his or her own testimony—a violation of the 5th Amendment.

(5) What are the rights of the Child in a/ Traffic Cases, b/Motor Vehicle Revocation of License, c/Custody, Separation and Divorce Cases, d/Adoption, e/Foster Care Placement, f/as a Ward of the State, g/the Child's Rights vs. the Parents' Rights, h/the rights of the Child in the School setting—the rights to special education, and quality of education.

(6) The rights of a child from a poor family vrs. the rights of a family of means.

QUALITY OF LIFE CONFERENCE

This meeting should increase the level of public awareness of the importance of all children and initiate a plan for inter-group action on behalf of children in Connecticut. It involves assuring the orderly growth and development of children. This orderly development depends upon the relationship of the physical, social, and educational environments. The cost of blighted individuals in society is seldom considered in relationship with the cost of prevention. Prevention protects the human potential and provides better return for financial expenditure.

Quality of life—Connecticut—April 27, 1974

"What the best and wisest parent wants for his own child, that must the community want for all its children" John Dewey

HEALTH

Ages 0–6

1. Subsidized Health Care.
2. Free Immunization.
3. Nutrition Education Centers.
4. Subsidized Mental Health Care.
5. MH-Family Therapy Centers.

EDUCATION

1. Day Care Centers.
2. Pre-school centers.
3. Comprehensive child development centers.

JUSTICE

1. Child Abuse.
2. The Rights of the Child (Constitutionally).
3. Legal Representation in Custody Cases—Divorce, Foster Care, Adoption.

HUMAN SERVICES

1. Unified Comprehensive one-stop services-community wide-unified intake welfare-public and private agencies.
2. Foster Care.
3. Protective Services.
4. Professional parent as a career field.

ECONOMICS

1. Impact of television.
2. Industry and the rights of the individual.
3. Why Poverty?
4. Cost of Health Care.
5. Cost of Education.

HEALTH

Ages 7–12

1. Subsidized Health Care.
2. Sex Education.
3. Drug Education and Concerns.
4. Subsidized Mental Health Care.
5. MH-Family Therapy Centers.

EDUCATION

1. Special Education.
2. Alternative Education, Open Schools, Free Schools, Co-Existence with Tradition.
3. Redesign of education to meet childrens needs to year 2000.

JUSTICE

1. Child Abuse.
2. The Rights of the Child (Constitutionally).
3. Legal Representation in Custody Cases—Separation, Divorce, Foster Care, Adoption.
4. Modernization of the Juvenile Court.

HUMAN SERVICES

1. Unified Comprehensive total one-stop services—ID card, with Social Security No. using unified intake procedures. All agencies, public and private.
2. Protective Services.
3. Delinquency prevention centers.

ECONOMICS

1. Quality of television.
2. Industry and the rights of the individual.
3. The impact of shortages.
4. Cost of Health Care.
5. Cost of Education.

HEALTH

Ages 13–18

1. Subsidized Health Care to age 16.
2. Venereal Disease.
3. Sex Education-Family Planning.
4. Drug Education and Concerns.
5. Independent Programs for Validation Choices.

EDUCATION

1. Schools without walls.
2. Meeting needs for Vocational Training.
3. Dropouts-Alternatives to School (under age 16).
4. Schools as Community Center.
5. What after high school besides college?
6. Initiative awards—college.

JUSTICE

1. The 16–18 legal (adult) issue.
2. Child Abuse.
3. Modernization of the Juvenile Court.

HUMAN SERVICES

1. Unified intake-child & family.
2. Parent-child counseling.

3. Delinquency prevention centers.
4. Youth-senior citizens corps.
5. Group homes.

ECONOMICS

1. Job opportunity or the lack of it.
2. The responsibility of industry to the young adult.
3. Eco-Socio planned economy.
4. Industry youth guidance education and training centers.

QUALITY OF LIFE—CONNECTICUT

Program Committee's program format recommendation for the Quality of Life Conference on April 27th to be mapped out in the following manner:

8:00 to 9:00 A.M., Registration.

9:00 to 10:00 A.M., Overview Presentation, State of the Union, Quality of Life in Connecticut, Dr. Effie Ellis, MD, American Medical Assoc., Chicago, Ill.

10:00 to 12:00 Noon, Developmental Sequence Sub Group Meetings:

Group A, The Child from Conception—6.

Group B, The Child from 7–12.

Group C, The Child from 13–18.

12:00 Noon to 1:00, Combined Luncheon of all Participants, Inspirational Speaker To be named.

1:30 to 3:30 P.M., Sub Group Meetings A, B, and C, same as morning.

3:30 to 4:00 P.M., Coffee break.

4:00 to 5:00 P.M., Summary Session—All Participants, Conference Chairman Coordinating, Sub-Group Chairman Report, Conference Vote on Next Meeting.

RESEARCH AS A MEANS OF SOLVING OUR FOOD CRISIS

Mr. HUMPHREY. Mr. President, at this time when we are facing a fertilizer shortage and a potential worldwide food shortage of serious dimensions, it is well to give attention to such articles as that appearing in the Wall Street Journal of February 7, 1974, and entitled "Natural Wonder: Man's Best Friend May Be a Bacterium Called the Rhizobium."

This article calls attention to research being conducted by the Agriculture Department's Research Service at Beltsville, Md., to find ways of having the rhizobium bacterium utilize, or fix, nitrogen from the air. The rhizobium already performs this function in growing soybeans; thereby, nitrogen fertilizer is not required. A breakthrough on this front would be extremely helpful in terms of reducing or eliminating the requirement for nitrogen fertilizer and natural gas in producing legumes.

Work is also underway to find out more about other bacteria which gobble up nitrogen from the air and release it into the soil as ammonia. As the world's need for protein increases, its supply and our understanding of these delicate processes may well be enhanced by this research work.

Mr. President, this research is truly an important undertaking which should receive all possible support. I request unanimous consent that the article be printed in the RECORD.

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

[From the Wall Street Journal, Feb. 7, 1974]

NATURAL WONDER: MAN'S BEST FRIEND MAY BE A BACTERIUM CALLED THE RHIZOBIUM

(By David Brand)

BELTSVILLE, MD.—A simple white refrigerator in Deane Weber's laboratory contains 1,000 very ordinary-looking test tubes. But inside each test tube are millions of hard-working bacteria that one day, scientists hope, may become a bacterial horn of plenty.

The bacteria are called rhizobia. In the past few years they have emerged as a vital link between nature and much of man's food supply. For perhaps millions of years they have been nestling in the roots of certain plants and helping to produce protein. Now scientists are attempting to harness the rhizobium as a means of meeting the world's growing demand for protein.

Mr. Weber, a microbiologist with the U.S. Agriculture Department's research service, headquartered here in Beltsville, is custodian of the nation's largest collection of rhizobia. His refrigerated test tubes contain different strains of the bacterium, many of the strains having been collected by scientists in remote parts of the globe. The rhizobia are kept alive in their frigid test-tube world (the cold slows their growth) on a diet of yeast and sugar, awaiting requests for some of their number by researchers around the world.

Because of the rhizobium's remarkable alchemy, the research has become intense. It is only within the past few years that scientists have started to unlock the mechanism by which the bacterium enters the roots and establishes colonies that draw sustenance from the plant and in return provide nitrogen from the air. This the plant converts to amino acids, the building blocks of protein.

AN ESSENTIAL ELEMENT

Nitrogen is the essential element of protein. And since all of our protein requirements come originally from plants, the amount of nitrogen getting into the soil is critical. For much of this century man has met his protein appetite with factory-produced nitrogen fertilizer. But ironically, although nitrogen is all around us (it is 79% of the air we breathe), to produce it in fertilizer form requires massive capital investment and the intensive use of hydrocarbons (mainly natural gas). Hydrocarbon shortages together with insufficient fertilizer production are already causing world-wide nitrogen fertilizer shortages and substantial price increases for what nitrogen fertilizer is available.

Thus the industrious rhizobium has become a possible alternative for our future nitrogen supplies. But there's a major problem. The rhizobium, it seems, is a very selective bacterium and will only make its home in legumes, or members of the bean family. For some reason still not understood, it refuses to work with the vitally important cereal crops such as wheat, corn and rice. The rising yields of such crops have been tied to the use of increasing amounts of nitrogen fertilizer.

It is because of the rhizobium that the world's six major legumes—soybeans, peanuts, checkpeas, string-type beans, cow peas and pigeon peas—are so high in protein yet require little if any nitrogen fertilizer. If only the rhizobium could be made to produce nitrogen for cereal crops, researchers say, then man would no longer be forced to rely on a fertilizer factory's output for his daily bread.

A GLOBAL CRISIS?

It is in the hope of averting a global nitrogen crisis—and therefore a protein crisis—that scientists are making the rhizobium one of the most thorougly researched bacteria in history. Some researchers are attempting to manipulate the bacterium's genes; others are uncovering startling new information about how some nonlegumes obtain their nitrogen; and chemists are trying to mimic the rhizobium's alchemy by devising a manmade chemical system that might be able to produce nitrogen fertilizer on request.

To understand how scientists are attempting to fool Mother Nature it must first be explained how nitrogen is constantly being recycled from the atmosphere, into the ground and then back into the atmosphere again.

Ralph Hardy, a Du Pont Co. plant biologist, estimates that 10 million metric tons of nitrogen annually get into the soil world-wide through the action of lighting and ultraviolet radiation, which create nitrogen compounds from the atmosphere; these compounds are then washed into the soil by rain. Another 35 million metric tons, he says, are made by the agricultural fertilizer industry. But by far the largest amount of nitrogen to reach the soil, estimated by Mr. Hardy at 170 million metric tons a year, is taken from the air by bacteria in the soil.

This vast army of bacteria (estimated to weigh 500 pounds in the top seven inches of an acre of fertile soil) extracts the molecules of nitrogen gas from the pockets of air in the soil and "fixes" them in the form of ammonia, a chemical that can be used by plants.

FREE-LIVING GOBBLERS

There are two groups of these bacteria. First there are the so-called free-living bacteria that live anywhere in the soil and are constantly gobbling up nitrogen and releasing it into the soil as ammonia. In the absence of manmade fertilizer, this is a major source of nitrogen for cereal crops.

The other group is the rhizobia. These are the curiosities of the soil-bacteria world because of their symbiotic relationship with the bean plant: The plant can't grow without the bacteria and the bugs can't survive without the nourishment provided by the plant.

The rhizobia invade the root-hair openings of the young plant and find their way into the plant's cells. There they enclose themselves in a membrance. Soon the invaders have multiplied into colonies some millions strong, producing the bean plant's characteristic root nodules. Inside these nodule factories nitrogen is extracted from the air and converted to ammonia.

Nitrogen fertilizer, which is often in the form of ammonia, curiously enough has little effect on the bean plant's growth. It's theorized that the manmade chemical "turns off" the rhizobium. One avenue of research is to find a strain of rhizobia not affected by fertilizer. Presumably, the plant would then get twice as much nitrogen—from the bacteria and from the fertilizer—thus substantially increasing the world's legume yields.

Many of the strains used in this research come from the world's 50 or so rhizobia collections, among the largest of which is the one kept by Mr. Weber of the Agriculture Department. Mr. Weber says that every year he gets many requests from scientists for samples of his rhizobia.

Often these zhizoba are used for injecting into newly developed legume varieties in the hope of finding a combination that will boost the amount of nitrogen going to the plant (a rhizobium strain is frequently so selective that it will only work with certain bean varieties). However, while this tedious cross-checking of the myriad strains of rhizobia and legume varieties may one day bring results, the research has none of the immediate glamor of the "long-shot" hope of geneticists: that the rhizobium can somehow be transferred to cereal crops.

Scientists have been able to persuade the rhizobium to invade soybean cells inside a test tube. But when the same thing has been tried with wheat or corn cells, the bacterium refuses to enter.

Now, however, scientists believe they may have found a strain of rhizobium that just might work with cereal crops. A few months ago an Australian scientist found growing in New Guinea the first nonlegume that gets its nitrogen from rhizobia colonies inside its roots (the plant is thought to be a variety of elm). This discovery, researchers say, for the

first time raises the realistic possibility of breeding rhizobia to invade cereal crops.

American and European researchers are also trying another approach. They're attempting to take the genetic information that controls the rhizobium's nitrogen-producing mechanism and transfer it directly into the cereal-plant's cells. Already they have succeeded in transferring such information to another bacterium, and they now know how to "switch" the mechanism on and off.

BUMPER CROPS

Equally promising, researchers say, is the hope that the free-living bacteria, the nitrogen-producing bacteria that live in the soil, may also play a future role in producing bumper crops. Relatively little research has been done on these bacteria, but scientists are beginning to suspect that they may be an important link to life in many different forms.

Free-living bacteria have been found producing nitrogen in the most curious places: in the guts of termites and the intestines of New Guinea tribesmen. Scientists theorize that the bacteria may enable the tribesmen to stay healthy on a low-protein diet of sweet potatoes and that they may also contribute missing nitrogen to the termites' diet of wood. What's more, scientists in Brazil may have exploded the theory that in the plant world these free-living bacteria live only in the soil. They have found a type of tropical grass with a hitherto unknown strain of free-living bacteria colonizing the root surface. Harold Evans, professor of plant physiology at Oregon State University, says the bacteria seem to settle on the roots inside a mucilage sheath where they draw their food supply from the plant and extract nitrogen from the air in return "at rates approaching that of a legume."

Mr. Evans has also found evidence of a similar association in nature between the free-livers and wheat plants. The bacteria, he says, are either living on the plant roots or in the soil close to the roots. Having isolated such bacteria, Mr. Evans is currently trying to put the isolated bacteria back into the soil with the wheat plants to see if he can reproduce the bacterium-plant relationship. "We're only just beginning to find these associations," he says. "If we can put this system back together it will be of tremendous significance."

COPYING NATURE

Reproducing a system is also a goal of Du Pont's Mr. Hardy, but his aim is to construct a chemical system based on the rhizobium's nitrogen production. Mr. Hardy says it may be possible to build a machine that could extract nitrogen from the air and convert it to ammonia fertilizer. To do this, however, scientists must first have a clear understanding of how the rhizobium performs its alchemy—and such a clear understanding is currently lacking. For while it is definitely known that the bacterium produces an enzyme called nitrogenase, which converts the molecules of nitrogen in the air into ammonia, it is only theorized that atoms of iron and molybdenum in the nitrogenase are involved in this reaction.

The latter theory, Mr. Hardy says, is based on laboratory experiments in which nitrogen gas has been combined with molybdenum and iron, and the combination has resulted in the production of small amounts of ammonia. "Scientists are in fact mimicking nitrogenase to get ammonia from molecular nitrogen at room temeprature," he says. "Researchers now have a variety of metals that will react with nitrogen."

From such experimentation, Mr. Hardy says, may come a farm-based unit that would draw nitrogen from the air and convert it to ammonia. Such a system, he adds, would probably use electricity. In any case, he says, it would "greatly reduce" the amount of energy required for the production of nitrogen fertilizer and would eliminate altogether the present high transportation costs for such fertilizer.

A CONVERSATION WITH DR. ALEXANDER LUNTZ

Mr. CRANSTON. Mr. President, I would like to share with you and my colleagues in the Senate a conversation I had on February 13 with a noted Jewish mathematician and scientist, Dr. Alexander Luntz. Dr. Luntz was recently fired from his position as director of a research institute in Moscow—immediately after—on the very same day—he requested an emigration visa from the Soviet Union.

I am personally inspired by Dr. Luntz's quiet courage and determination to seek freedom—representing, as he does, so many others pursuing the same course. I ask unanimous consent to print the text of our conversation in the RECORD.

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

CONVERSATION WITH DR. LUNTZ

Senator CRANSTON. Good evening, Sasha.

Dr. LUNTZ. Senator Cranston?

Senator CRANSTON. Yes.

Dr. LUNTZ. I'm very glad to hear you.

Senator CRANSTON. Thank you. I'm delighted to have this chance to talk to you and tell you of my concern as a United States Senator over the relationships between our country and the Soviet Union. We have a great desire for successful detente and for peace and for trade and an end to the arms race and the dangers of that, and the cost of that and I hope that each of our nations—the leaders and the people—can take steps that will reduce the tensions and develop better relationships. And one problem that has strained these relationships and made the development of trade and a reduction in the tensions of the arms race difficult to achieve is the refusal of the Soviet Union to let all those Jews who would like to go to Israel to leave the country and the difficulties with intellectuals who wish to speak out their views of conditions in the Soviet Union.

That may be looked upon as an internal matter but the matter of people wishing to leave the country becomes a matter relating to other nations and thus strictly is not an internal matter. And I hope that it will be recognized that those of us who believe in the need for a successful detente and believe in friendship between our countries are watching what happens to people like you and to people like Solzhenitsyn who has, as you may or may not know, been exiled to West Germany today. That's better than what would have happened to him in prior days way back in the Stalin era for example in Russia.

But it isn't quite the way we hope things will ultimately be. But at least he is out and he is free and I gather from what has been said by the Government that his family can join him in freedom that can be found outside the Soviet Union. Anyhow, these are the views of one American who represents many in our country and the views of many others in the Government and we would do what we can to help and someday we will have peaceful relations and I think open relations between our country and your country and the Arabs and Israel and all the rest of us too.

Dr. LUNTZ. Yes. Senator, you see perhaps now the American people can see better what is in this country. What situation is in this country, and I think that these problems, the problems of free emigration and the collective problems are not the inner problems of the country and you are right to speak about this problem and to help us. You see, behind us that have refusals are many, and many thousands of people that are afraid to even apply for visas, and that is very important for the Jewish people and for Israel and for our situation. Of course, we will be very thankful, very grateful to you for all your help.

Thanks from all of my friends.

Senator CRANSTON. Well thank you, and I respect your courage in applying for that visa to leave the country and I hope that each of our countries through the Governments and their people in one way or another can make gestures that indicate our desires to have the relationships between our countries become more open and free and more peaceful—in the direction of peace rather than conflict—and if each country can make some gestures and moves unilaterally without waiting for something back from the other, that would help. And one thing that the Soviet Union can do would be to make it easy for people to leave who wish to, and we could do some things. We can work on some trade deals from our side that can be mutually advantageous; but sometimes perhaps some one side will gain a bit, sometimes the other. We will all gain if we move toward freedom of movement, freedom of people, freedom of goods and less wasting of so much of our strength and substance in armaments rather than in things that lift the living standards of the people of our two lands and other lands. It's been wonderful to talk to you and we'll be watching what develops and we will stay in touch. And here's another friend to speak to you.

Dr. LUNTZ. Thank you. Thank you.

THE PRESIDENT'S PAY PROPOSALS

Mr. McGEE. Mr. President, as Members of the Senate know, the Committee on Post Office and Civil Service wrestled Tuesday with the thorny issue arising out of the President's recommendation on executive, legislative, and judicial salaries. The results of that session are, of course, not going to please everyone. I might add, since it is well known already, that the decision of the committee really represented no member's first choice among the alternatives open to us.

As chairman, I would like to commend my colleagues on the committee for the forthright manner in which they approached this issue. We had, Mr. President, four record votes and each of the nine committee members is recorded on all four votes.

One newspaper columnist has observed that the total cost of the salaries in question about equals the loss to the Treasury of 1 snow day in Washington on which the Government excuses many of its employees. Frankly, I do not think it that great in cost. But cost, obviously, is not the issue in this matter. The issue in many Members' minds centers more on the question of Congress and top Government officials giving the Nation an example of frugality, or, if you will, sacrifice, in these inflationary times.

Mr. President, the president of the American Foreign Service Association has addressed this issue of setting "a good example" in a letter addressed to me as chairman of the committee with jurisdiction over matters of Federal salaries. I ask unanimous consent that Mr. Thomas D. Boyatt's letter of February 20 be printed in the RECORD.

There being no objection, the letter

was ordered to be printed in the RECORD, as follows:

AMERICAN FOREIGN
SERVICE ASSOCIATION,
Washington, D.C., February 20, 1974.

Hon. GALE W. MCGEE,
Chairman, Committee on Post Office and Civil Service, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you may know, the American Foreign Service Association is the professional association, and the duly elected exclusive bargaining representative of the 11,000 men and women of the Foreign Service of the United States working in the Department of State, AID and USIA.

For almost three years now, an increasingly large number of senior Foreign Service personnel in the three Foreign Affairs Agencies have been denied any increase in salary because of the legal requirements in 5 USC 5308 which prohibit their receiving pay in excess of level V of the Executive Schedule. During the same time period, rising State and local taxes, and a very sharp inflation rate both at home and abroad have brought about a situation in which many senior employees in the Foreign Service have had their real, disposable incomes reduced by as much as 30 percent. You will recall that we brought this matter to your attention last spring, and greatly appreciate your efforts in getting the "McGee-Fong" Bill through the Senate. We only regret that the House failed to take parallel action.

The effect of this situation on Foreign Service personnel has been particularly unfortunate because many senior officers in the Foreign Service are regularly required to expend a considerable portion of their own incomes on official entertaining, uncompensated moving expenses, uncompensated educational and educational travel expenses and other extraordinary costs which have long since come to be an expected part of Foreign Service life. Moreover, in the Foreign Service, mandatory retirement comes at age 60, and an employee can only earn 35 years of retirement credit, though in the Civil Service employees can remain to age 70 and earn up to 40 years retirement credit. As a result, Foreign Service personnel rely particularly heavily on a growing "high three" years of income to obtain an adequate pension. Yet, many have seen their opportunities for an adequate pension disappear since they were unable to receive the salary increases to which pay-comparability studies indicated they were entitled.

The President's proposals now before your Committee would only go a small distance in rectifying the situation, but it is at least a start. We believe it would be highly unfortunate if well-justified pay increases were blocked by action of the Congress.

Much has been said in recent days of the need for the Congress to "set a good example" at a time of economic difficulties facing the country. AFSA agrees that the economic privations affecting the entire country should be borne equitably. The question, however, is which example should be set. Would it be good public policy to deny further to senior personnel pay increases already long overdue? Almost everyone else in the country has had increases in income in the past three years which matched or came close to matching increases in the cost of living. Should this group of senior employees be the only significant group in the country to suffer a sharp reversal in their personal well-being?

Personnel who have reached the top normal rank in the Foreign Service, FSO or FSIO Class-1, now receive exactly the same pay as those few personnel granted the extraordinary rank of Career Minister (Executive Level V), and receive no more pay than personnel of FSO or FSIO Class-2. The Class-2 officer thus has nothing to look forward to in terms of monetary reward even if promoted twice. Do we really wish to set an example for the country which established the principle that being the best in your field, and thus rising to the top in a fiercely competitive career service, brings with it no monetary reward? Do we wish to see the best career personnel attracted away from the career service not because they wish to leave, but rather because it has become highly disadvantageous financially for them to stay when the monetary rewards are greater elsewhere? Frankly, we doubt that these are beneficial examples to set for the country.

We hope that the Congress, in the interest of equity and sound public policy, will permit the increases recommended by the President to take effect, and will give serious consideration thereafter to a change in the law which will provide for a review of executive level pay every two years, rather than every four, so that this situation will not recur.

If you think it would be helpful, the Association would be pleased to meet with you or with other members of the Committee to discuss this matter further.

Sincerely yours,

THOMAS D. BOYATT,
President.

NIXON BUDGET HURTS MINNESOTA

Mr. HUMPHREY. Mr. President, the Minnesota State Planning Agency has just completed a detailed analysis of the impact of the proposed Federal budget for fiscal year 1975 on Minnesota. While this draft summary shows that little of the disastrous program slashing proposed in last year's budget is evident this year, it also shows that this budget will do little to help State and local government address the many serious problems that our people face. In fact, in many ways the Nixon budget will seriously hurt Minnesota.

More specifically, this analysis shows that Minnesota will receive only $200,000 for water and sewer grants rather than the $6 million that it could be receiving, if this program was funded at its full authorized level.

It also notes that the proposed elimination of Community Action programs means that the State of Minnesota or local governments must assume the financial and management responsibility for at least 28 Minnesota CAP agencies. The elimination of the CAP agencies' Federal support also seriously threatens the Head Start program in my State.

The funds for public service employment activities, just as we enter a period of rapidly rising layoffs, will be reduced by 72 percent. This will exact a serious cutback in Minnesota where we received over $21 million in emergency employment funds in fiscal year 1973.

The administration's proposed area and regional economic adjustment program, which would supposedly replace the EDA and Upper Great Lakes Regional Commission programs, will result in a drop of over $5 million dollars for Minnesota compared to fiscal year 1973, a reduction of more than 75 percent.

The continued illegal impoundment of EPA sewage facilities construction program funds, as contemplated in the recently presented Federal budget, will bring losses in Federal assistance to Minnesota to a total of $170 million over 3 years. Moreover, Federal support in housing and community development programs, may drop to one-fourth of the level in fiscal 1973.

The story is the same in many other areas. The expansion in this big deficit budget proposed by the Nixon administration provides very little new help in meeting the critical needs of our people and our States, cities, and towns.

Mr. President, I ask unanimous consent that the draft of the "Summary of the Impact of the Proposed Federal Budget on Minnesota—Fiscal Year 1975," prepared by the Minnesota State Planning Agency, be printed in the RECORD.

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

SUMMARY OF THE IMPACT OF THE PROPOSED FEDERAL BUDGET ON MINNESOTA—FISCAL YEAR 1975

INTRODUCTION

Almost directly contradicting the austere proposal of last year, the President presented in early February a greatly expanded federal budget for fiscal year 1975. With projected expenditures of $304.4 billion, the 1975 budget proposes a $30 billion increase over estimated actual 1974 expenditures, and reflects an expansion of nearly $34 billion over the $268.7 billion "ceiling" requested in the 1974 Presidential budget.

The primary elements in this budgetary expansion are fixed, "cost of living" increases. The largest single increase in outlays from fiscal year 1974 to 1975 is for social security increases. Amendments to the Social Security Act adopted in December and natural increases will expand the program of social security benefits by over $7 billion in the coming year. The bulk of additional increase is reflected in Medicare and Medicaid, and in veterans retirement increases, increases in Food Stamp benefits and accelerating interest on the public debt.

The additional growth anticipated in the budget is scattered among most agencies and, at first glance, reveals no big surprises. The large increases already noted have left little room in the budget for increased support to state and local governments. Most grant-in-aid programs appear likely to hold at about the same spending level and the most significant changes are those likely to result from renewed efforts at "special revenue sharing." A shift in emphasis among agency programs, or within functional areas does appear, however, and it is the purpose of this study to assess the impact that such shifts of programs or support could have on state and local government in Minnesota.

Rural Development.—Under the proposed budget, Minnesota would receive approximately $200,000 for water and sewer *grants*. If the program is funded at its full authorized level, the state would receive approximately $6 million. The budget proposed to fund the business and industrial development *grant* program at one-fifth its authorized level. This means Minnesota would receive $200,000, rather than $1 million.

O.E.O. Community Action.—The Administration's budget proposes to phaseout the Office of Economic Opportunity and eliminate its Community Action Program. There are now 35 Community Action agencies operating in Minnesota, with approximately 875 employees. Seven of these agencies are Indian agencies, which receive most of their funds directly from the Department of H.E.W. The cancellation of the Community Action Program means that either the state or local government must assume responsibility for the support of the remaining 28 C.A.P. agencies.

Head Start.—All 35 C.A.P. agencies in the state administer Head Start programs, and although the projected funding level of the program increases for fiscal year 1975, the

withdrawal of maintenance support for the Community Action agencies leaves the state's ability to utilize the Head Start monies available in doubt.

Economic Development.—Under the Administration's proposed Area and Regional Economic Adjustment program, Minnesota would receive approximately $1.6 million in federal funds. This is more than a 75% reduction from the $6.7 million Minnesota received during 1973 under the existing EDA and Upper Great Lakes Regional Commission programs.

Impact Aid.—The elimination of the impact aid program for "B" children would mean a major loss in Minnesota. In fiscal year 1973, the state received $4.687 million for the "Schools in Federally Affected Areas" program. Of this, $3.286 million was received for category "B" students; this was over 70% of the total impact aid. This "B" money was distributed among 56 school districts while 22 districts also received some "A" aid, the remaining 34 districts would be eliminated entirely from the program.

Comprehensive Employment and Training.—The C.E.T.A. will reduce funds available for public service employment activities by 72%. This will likely lead to a correspondingly significant decrease in Minnesota; the state received over $21 million in emergency employment funds in F.Y. 1973.

EPA Sewer Construction.—The proposed budget for the sewage facilities construction program would result in Minnesota receiving $64.2 million in fiscal year 1975. If the Administration had budgeted the full $7 billion for the program, Minnesota would have been eligible for $114 million. Impoundments of EPA sewage treatment construction funds in fiscal 1973 and 1974 resulted in Minnesota losing $121 million in federal funds. This, along with anticipated impoundments for fiscal year 1975, means that in the three years the state has lost a total of $170 million.

Land and Water Conservation Fund.—The Administration proposal to fund the LAWCON program at its full authorized level will mean that Minnesota would receive approximately $3 million for acquisition and development of state and local parks. This is over $2 million more than the $850,000 received in 1974 and approximately the same as the fiscal year 1973 level.

Better Communities Act.—During fiscal year 1973, Minnesota received almost $40 million under the five grant programs being consolidated. The Department of Housing and Urban Development projects Minnesota's allocation for F.Y. 1975 under the Better Communities Act at $48.3 million. This allotment, however, is figured on the entire $2.3 billion requested appropriation. If, in fact, only $560 million is spent during the first year of the Better Communities Act, Minnesota may more realistically expect to receive $11.7 million in D.H.U.D. community development support for the coming fiscal year.

Responsive Governments Act.—In fiscal year 1973, Minnesota received $1.43 million for the "701" Comprehensive Planning Assistance Program. Estimated fiscal year 1975 receipts for the state equal $1.087 million. Even with a $40,000 additional allocation to support state assumption of administrative responsibility, the F.Y. 1975 allotment will be significantly below the F.Y. 1973 receipts.

Allied Services.—Minnesota has two pilot human resources service projects; one in the seven-county Arrowhead Regional Development Commission area and the other in the nine-county Region Nine Regional Development Commission area. These projects could be eligible for federal funds under the proposed Allied Services program.

AGRICULTURE AND RURAL DEVELOPMENT

President Nixon's proposed budget for fiscal year 1975 calls for only a slight decrease in spending for the Department of Agriculture. However, some major priority changes have been proposed within the department. The sharp rise in farm income has caused a decrease in farmers dependence on price support. Consequently, food programs replaced farm price supports as the big item of the Department of Agricultures 1975 budget.

Food programs such as the Child Nutrition Program, the Special Milk Program and the Food Stamp Program, are budgeted $5.6 billion under the 1975 proposed budget as compared to $3.9 billion in F.Y. 1974. In contrast, the proposed budget includes a decrease in the price support of $2 billion from $2.5 billion in fiscal year 1974 to $500 million in 1975.

Other changes in the programs of the Department of Agriculture as proposed in the new budget are as follows:

Rural housing

The proposed budget provides for continuation of the rural housing programs at about the same funding level as 1974—$2.1 billion. These funds would provide for assistance for over 161,000 housing units as compared to 166,000 units in 1974. The proposed budget calls for several major changes in direction and content in rural housing. Subsidized housing would be redirected to provide more assistance to lower income families through low-interest rehabilitation loans. In addition, home ownership would be assisted primarily through purchase of existing housing units rather than through new construction.

Rural conservation

The Administration's budget proposes to combine the Rural Environmental Assistance Program (REAP), the Water Bank Program, the Emergency Conservation Program, the Great Plains Conservation Program and the forestry incentive programs into a single Rural Environmental Program (REP). Proposed 1975 fund is $118 million for REP as compared to $200 million for the individual programs during fiscal year 1974.

Rural development

The proposed budget includes funds for the funding of portions of the Rural Development Act of 1972. It would provide $400 million in loans for business and industrial development; $600 million for loans for water, sewer and other community facilities; $20 million for grants for water and sewer facilities; and $10 million for grants for business and industrial development. These funds represent an increase over the 1974 estimated funding levels. Under the Act, Congress has authorized funding of the water and sewer facilities grants at a level of $300 million. The grant program for business and industrial development was authorized at a level of $50 million.

IMPACT ON MINNESOTA

Rural conservation

Minnesota received approximately $6 million under the rural conservation programs of the USDA during fiscal year 1973. The reduction in budget authority requested for the rural conservation programs will mean a substantial reduction in these funds in Minnesota in future years.

Rural development

The funding levels for the rural development programs proposed by the Administration would mean that Minnesota would receive approximately the following funds: $8 million for business and industrial loans, $10–12 million for water and sewar loans, $5 million for community facilities loans; $200,000 for water and sewer grants and $250,000 for business and industrial grants. If the water and sewer grant program would be funded at its full authorized level, Minnesota would receive approximately $6 million in grants. At full authorization, Minnesota would receive approximately $1 million in business and industrial development grants.

ANTI-POVERTY

In a striking similarity to last year's budget, the Office of Economic Opportunity is again targeted for phase-out during fiscal 1975. In fiscal year 1974, the Congress defied the Administration, and appropriated $329 million for the O.E.O., but all O.E.O. programs are scheduled to expire this June 30. While no specific appropriation authorization was requested within the President's budget for the Office of Economic Opportunity, the Administration plans to present special legislation detailing the phase-out process shortly. The President's budget does, however, anticipate outlays and transfers for O.E.O. programs during the coming fiscal year. These include:

[Outlays in millions of dollars]

Program	Fiscal year— 1973, actual	1975, estimate	Agency
Research and development	$63.5	$26.3	Phase-out.
Community action	396.5	87.1	Phase-out HEW.
Health and nutrition	190.1	25.8	HEW.
Migrants and farmworkers [1]	38.0	40.0	DOL.
Native Americans [1]		33.2	HEW.
Community economic development.	35.6	13.9	Commerce

[1] These program transfers were effected during fiscal year 1974.

Head Start

For Head Start, the President proposed an increased budget, reflecting the higher cost of maintaining the program for the same number of children. The fiscal 1974 appropriation for Head Start programs was $392 million; the 1975 proposal calls for $430 million. $16 million of this increase is to be used for meeting the indirect administrative cost for Head Start projects which are now being operated through the Office of Economic Opportunity's community action agencies.

Legal Services

The Legal Services Corporation proposal remains in the President's budget for 1975, with a requested appropriation of $71.5 million for the fiscal year. The House, in June of 1973, adopted legislation to create an independent Legal Services Corporation along the lines of the Administration proposal. Similar legislation is pending in the Senate at this time. The existing legal services authorization of the O.E.O. will expire on June 30, 1974.

IMPACT ON MINNESOTA

There are now 35 Community Action agencies operating in Minnesota, with approximately 875 employees. Seven of these agencies are Indian agencies, which receive most of their funds directly from the Department of H.E.W.; in fiscal 1973, they received almost $800,000. The remaining 28 C.A.P. agencies received over $4.2 million in federal funds from the Community Action Program of the O.E.O. in fiscal year 1973. Since the President's budget does propose continuation of the Native American program through the D.H.E.W., the Indian agencies may be able to survive. The cancellation of the Community Action Program of O.E.O., however, means that either state or local governments must assume responsibility for support of the other 28 C.A.P. agencies in Minnesota.

Head Start

The Community Action agencies in Minnesota received over $4.7 million in Head Start monies during fiscal 1973. All 35 C.A.P. agencies in the state administer Head Start programs, and although the projected funding level of the Head Start program increases for fiscal year 1975, the withdrawal of mainte-

nance support for these Community Action agencies leaves the state's ability to utilize the Head Start monies available in doubt.

URBAN COMMUNITY DEVELOPMENT

Better Communities Act

In another proposal reminiscent of last year, the President again requested budget authority in the Department of Housing and Urban Development to fund the consolidated grant program of the "Better Communities Act." This legislation, which has been pending in Congress since proposed in last year's budget, would replace seven major categorical programs:

Model Cities;
Neighborhood Facilities;
Open Space;
Water and Sewer Facilities;
Urban Renewal;
Rehabilitation Loans; and
Public Facility Loans.

Of these, the Open Space Land Program, Neighborhood Facilities, Water and Sewer, and Public Facility Loans were terminated in fiscal year 1973, and no new program commitments have been made in fiscal year 1974, or are anticipated in fiscal 1975. The Model Cities program is being phased-out with $75 million in the current fiscal year; participating cities may continue receiving support under the Better Communities Act. No new program commitments are anticipated under the Urban Renewal or Rehabilitation Loan programs either.

The President has requested a budget authority of $2.3 billion for the better Communities Act, although first year outlays are projected at $560 million. This amount, the President explains, is "flexible", depending on the rate at which cities utilize the amounts made available to them. Outlays under the five grant programs in fiscal year 1973 totalled over $1.8 billion.

Responsive Governments Act

The President has also come out strongly on behalf of another proposal that has been pending in Congress since last Fall. The Responsive Governments Act is designed to replace the Comprehensive Planning Assistance ("701") program. $110 million is requested to support this program. Meanwhile, states are being given the option of assuming administrative responsibility for the Comprehensive Planning Assistance Program during fiscal year 1975

IMPACT ON MINNESOTA

Better Communities Act

During fiscal year 1973, Minnesota received almost $40 million under the five grant programs being consolidated. The Department of Housing and Urban Development projects Minnesota's allocation for F.Y. 1975 under the Better Communities Act at $48.3 million. This allotment, however, is figured on the entire, $2.3 billion requested appropriation. If, in fact, only $560 million is spent during the first year of the Better Communities Act, Minnesota may more realistically expect to receive $11.7 million in D.H.U.D. community development support for the coming fiscal year.

Responsive Governments Act

In fiscal year 1973, Minnesota received $1.43 million for the "701" Comprehensive Planning Assistance Program. Estimated fiscal 1975 receipts for the state equal $1.087 million. Even with a $40,000 additional allocation to support state assumption of administrative responsibility, the F.Y. 1975 allotment will be significantly below the F.Y. 1973 receipts.

ECONOMIC DEVELOPMENT

The existing programs of the Economic Development Administration and the Regional Action Planning Commissions are slated for funding under the proposed fiscal year 1975 budget, in order to permit a transition to a new Area and Regional Economic Adjustment program. The Administration is requesting $100 million to fund this new program. However, these new funds are offset by decreases in the funding request for the existing programs of the EDA.

The new budget authority requested for EDA is $170 million; this is $70 million less than the budget for 1974. The budget request for the Regional Action Planning Commission has been reduced from $42 million to $35 million.

The new economic adjustment program, which will be introduced in Congress soon, will closely resemble the special revenue sharing proposal the Administration had submitted for other programs last year. Under the proposal, 80% of the funds would be allocated to states on a formula basis. These funds would then be distributed on the basis of an overall economic adjustment plan approved by federal regional administrators. The federal government would not approve or disapprove individual projects. The remaining 20% of the funds would be distributed to the States by the Secretary of Commerce and the regional administrators by discretion to meet emergency economic adjustment problems.

This new program would eventually replace the following existing Economic Development Administration program:

Grants and loans for public works and development facilities

The purpose of this program is to assist in the construction of public facilities needed to initiate and encourage long-term economic growth in designated geographic areas where economic growth is lagging behind the rest of the nation.

Loans for businesses and development companies

The purpose of this program is to provide low interest long term loans to help businesses expand or establish grants in redevelopment areas for projects that cannot be financed through private lending institutions.

Planning assistance

The purpose of this program is to assist multi-county districts develop planning capability.

Technical assistance

The purpose of this program is to solve problems of economic growth in EDA designated geographic areas and then areas of substantial need through feasibility studies, management and operational assistance, and other studies.

Public works impact projects

The purpose of this program is to provide immediate useful work to unemployed and underemployed persons in designated project areas.

Regional economic development

The purpose of this program is to provide grant-in-aid supplements for a portion of the local share of federal grant programs for the construction or equipping of facilities or the acquisition of land when a community, because of its economic situation, cannot supply the match.

IMPACT ON MINNESOTA

Under the Administration's proposed Area and Regional Economic Adjustment program, Minnesota would receive approximately $1.6 million in federal funds. This is more than a 75% reduction from the $6.7 million Minnesota received during 1973 under the existing EDA and Upper Great Lakes Regional Commission programs.

EDUCATION

The President is again seeking major consolidation of categorical education grant programs. Legislation will be presented to Congress shortly to fold twenty-some programs into six broad areas: Disadvantaged Education, Handicapped Education, Vocational Education, Adult Education, Support Services, and Innovation. Included in this year's budget are requests to continue many of the programs designed for elimination in the Administration's original grants consolidation legislation. Particularly significant is the inclusion of the School Lunch Program intact within the Department of Agriculture, with a proposed budget authority of $420 million. This program was originally targeted for consolidation within the Support Services category of the Better Schools Act, with less budget authority requested for the entire category than had been available for the specific School Lunch program.

A major feature of the proposed education funding is the anticipated request for 1974 supplemental funds of $2.85 billion for use in the 1974–1975 school year. This "forward funding" request includes: $1.88 billion for Title I of E.S.E.A.; $48 million for Education of the Handicapped (Grants to States); $158 million for Titles II and V, E.S.E.A., and Title III, N.D.E.A.; $154 million for Titles III and VIII, E.S.E.A., and Environmental Education; $544 for Vocational Education; and $63 million for Adult Education. In 1975, $2.8 billion is requested in the regular budget for advance funding of the 1975–1976 school year.

The Administration is also again requesting the elimination of federal impact aid payments for "B" children, whose parents work but do not live on federal property. The President does, however, propose 100% payment of the authorization for districts which have an enrollment of at least 25% "A" children—whose parents live *and* work on federal property. A 90% payment would be made for districts with less than 25% enrollment of "A" children.

The President will ask Congress to eliminate payments under Emergency Education Aid, and will instead request that desegregation aid be distributed on the basis of project grants targeted toward specific areas instead of under the formula now employed in the emergency aid program. The program would be cut substantially in this proposal—from $234 million in fiscal 1974 to $75 million in fiscal 1975.

The major feature of the proposed higher education budget is the Basic Opportunity Grants program. Nixon proposed $1.3 billion for the program, a $825 million increase over the current fiscal year. The President also asked for $250 million for work-study grants, but requested no funds for direct loans, supplementary education grants or incentive grants for state scholarships.

CONSOLIDATED EDUCATION GRANTS

[In thousands of dollars]

	1974 appropriation	1975 request
Elementary-secondary education:		
Disadvantaged	$1,700,000	$1,900,000
Handicapped	47,500	50,000
Support services (total)		158,000
Library resources	90,000	
Educational equipment	29,000	
Strengthening State departments of education	39,000	
Innovation (total)		154,000
Supplementary services	146,000	
Dropout prevention	4,000	
Nutrition	2,000	
Environmental education	2,000	
Vocational education	527,000	550,000
Adult education	63,500	63,000
Impact aid	594,000	340,000
Emergency school aid	258,000	75,000
Other:		
Bilingual education	50,000	35,000
Education for handicapped (excluding State grants)	100,000	100,000
Follow-through	41,000	35,000
Higher education:		
Basic opportunity grants	475,000	1,300,000
NDEA direct loans	288,000	0
Supplemental opportunity grants	210,000	0
Work study	270,000	250,000

IMPACT ON MINNESOTA

Consolidated education grants

The uncertainty surrounding the final formula for allocation of E.S.E.A. Title I (disadvantaged) funds makes Minnesota's share impossible to calculate. The national increase of only $200 million for the program, within the consolidation grant, would reflect quite a small increase for each individual state.

Impact aid

The elimination of the impact aid program for "B" children would mean a major loss in Minnesota. In fiscal year 1973, the state received $4.687 million for the "Schools in Federally Affected Areas program". Of this, $3.286 million was received for category "B" students; this was over 70% of the total impact aid. This "B" money was distributed among 56 school districts; while 22 districts also receive some "A" aid, the remaining 34 districts would be eliminated entirely.

Emergency school aid

Minnesota received $133,186 in Emergency School Assistance during fiscal year 1973. The shift to a program of "demonstration" projects, which will greatly decrease the national program, will virtually eliminate the program in Minnesota.

ENERGY

"Project Independence," the Administration's design to achieve self-sufficiency in energy by 1980, was given top billing among domestic programs in the 1975 budget. Included as major components of the energy budget is support for research and development, as well as funds for construction of new energy facilities, manpower development, and environmental studies on alternative energy sources.

Among federal agencies, the Atomic Energy Commission will continue to receive the largest share of research money. Also, the Department of Interior's R and D programs for energy are slated to increase 145%.

Other major energy programs include:

$725 million for nuclear fission R and D, an increase of 36 per cent over the fiscal 1974 budget authority.

$426.3 million for coal research and development programs. This represents an increase of $262 million or 160 per cent over fiscal 1974.

$179 million for environmental control technology, an addition of $113 million or 171 per cent over fiscal 1974.

$169 million for nuclear fusion, $68 million more than in fiscal 1974. The money will be spent to accelerate current research efforts in both the magnetic confinement and laser fusion programs.

$129 million for energy conservation research and development.

The Department of Interior's budget for fuel allocation programs doubles, to $70 million.

In addition, legislation to govern energy resource allocations, such as the Emergency Energy Act, may include grants to states for establishment of energy offices to prepare contingency plans or administer allocation programs.

IMPACT ON MINNESOTA

With both state and national energy policy positions changing almost daily, the impact of the energy budget increases on Minnesota are almost impossible to measure at this time. Since major increases center on research and development programs, the chances for federal agencies contracting studies would appear strong and the University of Minnesota would probably, in such circumstances, be a potential recipient of increased support for energy research.

Until final energy legislation defining allocation and conservation programs is passed by Congress, any grants to the States for development of such programs are not possible to calculate.

HEALTH

The Administration's budget in health programs includes an overall increase but at the same time proposes the elimination of several popular health programs. The major increases in health programs are found in the Medicare and Medicaid programs. When these programs are excluded from the total request for health programs, the Administration is actually asking for a cut in health funds.

The major health programs that would be cut under the Presidents proposed budget are:

The Hill-Burton health facilities construction program

Under this program federal assistance is provided in the construction and modernization of hospitals, teaching facilities, and other health facilities. In 1975, the only funds being requested under this program are to pay the interest subsidy on federally guaranteed loans for the construction or renovation of health manpower teaching facilities.

Regional medical program

The proposed budget requests to no funding of this program for fiscal year 1975. The program provides grant awards for the operation of regional cooperation arrangements among health care providers.

Community mental health centers

The proposed 1975 budget does not include a request for funds for the construction of any new community mental health centers.

Health maintenance organizations and emergency medical services

The HMO and the emergency medical services programs are being funds but not at the full congressional authorization. Congress had authorized fiscal 1975 funding of $130 million for HMO's and $65 million level for the emergency medical services program. The budget calls for funding authority of only $60 million for HMO's and $27 million for Emergency Medical Services.

The Administration's budget proposes two new programs that would revise several existing programs.

Health manpower training

The Administration is proposing a program which would redirect federal aid for health manpower by gradually eliminating most direct support for medical and other health professions *schools*. These programs would be replaced by expanding the availability of government-backed loans to students.

Health resources planning

The budget also proposes a new program that would provide federal support to States for health regulatory and planning activities and regional planning bodies. This proposal would combine elements of the Hill-Burton, Regional Medical, and the Community Mental Health programs.

IMPACT ON MINNESOTA

Health resources planning

The new health resources planning proposal de-emphasizes the role of the State. In Minnesota we have an effective health planning program on the state level.

Hill-Burton

The phasing-out of the Hill-Burton program that priority construction projects in the state will have to turn to other funding sources, which could result in their cost in turn charged to consumers. Minnesota received approximately $3 million in grants annually under this program.

HOUSING

In contrast to previous expectations, the picture for federal housing programs appears brightened slightly for fiscal year 1975. While legislation to restructure D.H.U.D. housing programs suspended last January has not been finalized, new directions are emerging for federal housing activities, both in the type of the activity being proposed and the level of support.

The major Department of Housing and Urban Development housing programs which were suspended in January, 1973, remain suspended. No new program authorizations are anticipated in the rent supplement program, or in "235" or "236" assistance. As an interim substitute for the cancelled programs, Section 23 leased housing is being revised. Just prior to presenting his budget, the President increased to 300,000 (from 200,000) the number of units to be assisted under the revised program. 225,000 of these assisted units could be new construction. Authority to subsidize these units is estimated at $721 million. In addition, operating subsidies are anticipated to rise from $350 million in F.Y. 1974 to $400 million in fiscal 1975. These funds assist Local Housing Authorities meet operating costs.

The shifts anticipated among housing programs are reflected in the increased emphasis being put on "direct assistance" to persons of need within the housing market. The Department of H.U.D. estimates that it will spend $200 million in F.Y. 1975 testing the concept of direct cash payments for its subsidized housing programs. A new "tandem plan" being implemented during the current calendar year includes $6.6 billion for unsubsidized mortgage loans to finance the construction of 200,000 single-family and multi-family housing units.

IMPACT ON MINNESOTA

While some federal funds for housing apparently will be loosening up in the next fiscal year even before the Administration's restructured program is implemented, the continuing suspension on new program commitments will keep federally supported housing activity in Minnesota at a minimum. It may be anticipated that most federally aided housing activity in the state during the 1975 fiscal year will be due either to past commitments made prior to the termination of subsidy programs, or will be under one of the as yet undefined pilot plans alluded to within the budget.

MANPOWER

Comprehensive Employment and Training Act

The most notable element in the Administration's proposed budget for funding manpower activities during the coming year is the inclusion of a "special revenue sharing" plan authorized in the recently-enacted Comprehensive Employment and Training Act. With a budget request of almost $2 billion, this legislation shifts primary authority for running manpower training and development programs from the federal government to state and local governments. This will channel manpower training money directly to counties and cities with populations of 100,000 persons or more, states and other local governmental units. The allocation of monies is designed to insure state and local governments of at least 90% of the funds they had been receiving under the categorical programs.

The new act reserves $350 million in fiscal 1975 for public service employment. This Public Employment Program provides public service jobs in areas of 6.5% or more unemployment.

The total funds to be distributed among state and localities equal $1.67 billion. The remaining authorization of the Comprehensive Employment and Training Act is retained on the national level to administer the Job Corps, special programs for youth, offenders, Indians, migrants, and other target groups, and for research activities.

Eligible Administrators of the consolidated programs include:

a. a state;

b. a unit of general government with a population of more than 100,00 persons;

c. any combination of units of general government which includes one unit with more than 100,000 population;

d. existing rural Concentrated Employment Programs; or

e. any unit, or combination of units, of general government, without regard to population, if exception circumstances warrant designation.

The previous legislation defining manpower activities, the Manpower Development and Training Act, Equal Opportunity Act, and Emergency Employment Act spent an estimated $2.8 billion in F.Y. 1973, of which $1.25 billion was for public service employment.

IMPACT ON MINNESOTA

Eligible "prime sponsors" to administer the Comprehensive Employment and Training Act in Minnesota include the state government, the cities of Duluth, Minneapolis and St. Paul, and the counties of Anoka, Dakota, Hennepin, Ramsey, and St. Louis. Combinations of city, county, or state governments could also be eligible, as well as the Rural Minnesota Concentrated Employment Program. Priorities among manpower activities would be established by the prime sponsors themselves.

While the total national level of funding remains near the general level of previous years for manpower, the regulations and designation of prime sponsors will determine the allocation available to Minnesota in the coming year. The most serious implication, however, involves the significant reduction of funds available for public employment. In fiscal year 1973, the state received over $21 million in E.E.A. funds. Receipts for public employment under the Comprehensive Employment and Training Act are primarily dependent upon an unemployment rate of 6.5% or higher for three consecutive months.

NATURAL RESOURCES AND ENVIRONMENT

Environmental issues are taking a back seat to energy concerns in the fiscal year 1975 budget proposal. Despite this fact, there does appear some modest increases in proposed expenditures for natural resources and environmental programs.

EPA sewer construction

The Administration's budget calls for $4 billion for the Environmental Protection Agency's Sewage Treatment Facilities Construction Program. This $4 billion represents the last of the annual amounts authorized under the Federal Water Pollution Control Act of 1972. Congress had authorized a total of $18 billion for fiscal years 1973, 1974, and 1975, but the President has released only $9 billion.

SEWAGE TREATMENT FACILITIES CONSTRUCTION

	Congressional authorization	President's budget	Impounded funds
1973	$5,000,000,000	$2,000,000,000	$3,000,000,000
1974	6,000,000,000	3,000,000,000	3,000,000,000
1975	7,000,000,000	4,000,000,000	3,000,000,000
Total	18,000,000,000	9,000,000,000	9,000,000,000

Land and water conservation fund

The Department of the Interior's Land and Water Conservation Fund, used by state and local governments to acquire and develop parks, would be funded at full authorization of $300 million under the President's proposed budget. Last year, the Administration asked for only $55 million and Congress appropriated only $76 million.

IMPACT ON MINNESOTA

EPA sewer construction

The proposed budget for the sewage facilities construction program would result in Minnesota receiving $64.2 million in fiscal year 1975. If the Administration had budgeted the full $7 billion for the program, Minnesota would have been eligible for $114 million. Impoundments of EPA sewage treatment construction funds in 1973 and 1974 resulted in Minnesota losing $121 billion in federal funds. This, along with anticipated impoundments for fiscal year 1975, means that in the three years the state has lost a total of $170 million.

Land and water conservation fund

The Administration proposal to fund the LAWCON program at its full authorized level will mean that Minnesota would receive approximately $3 million for acquisition and development of state and local parks. This is over $2 million more than the $850,000 received in 1974 and approximately the same as the fiscal year 1973 level.

TRANSPORTATION

The Administration's proposed budget calls for an overall increase in funding for the programs of the Department of Transportation. The budget calls for a total outlay for the DOT of $9.1 billion in fiscal year 1975. These outlays include $4.9 billion for the Federal Highway Administration, $2.1 billion for the Federal Aviation Administration, and $700 million for the Urban Mass Transportation Administration.

Unified transportation assistance program

The most significant feature of the President's budget for Transportation is the new proposed unified transportation assistance program. This program will provide, over the next six years, approximately $17 billion for use in a wide variety of transportation projects, highway construction, and mass transit systems. The proposal contains amendments to both the urban and rural highway programs. Key features of the program are:

1. The Urban Mass Transportation Administration will make available $2.4 billion to States during the period FY 1975–1977. These funds will be earmarked for major metropolitan areas and will be distributed to the States on the basis of a formula. A local option, these funds could be used for transit operating assistance, as well as transit related capital investments.

2. $4.2 billion in Federal *grants* will be available for major public transit capital projects over the six-year period of the bill. These funds would be distributed on a project by project basis.

3. For fiscal year 1978–1980, $6 billion in general funds would be available for allocation to States for a new unified transportation assistance program—combining transit capital and operating assistance and highway capital funds.

4. Under the program, highway funds for primary and secondary rural systems would be available for bus purchases in rural and small urban areas. Current rural public transportation demonstration programs would be increased and broadened to permit operating assistance in rural areas. Small urban areas are described as urban areas of population between 5,000 and 50,000.

Airport development and planning

The fiscal year 1975 budget proposes $310 million for airport development and $15 million for airport planning. These funding levels are consistent with the Airport Development Acceleration Act of 1973 and show an increase of $8 million over 1974 funding.

WELFARE

The President in his budget calls for welfare reform, but does not indicate the direction this reform will take. Because no plan for changing existing programs has been introduced, the proposed budget indicates funding of the current programs.

Aid to families with dependent children

The number of recipients in its AFDC program is expected to grow only very slowly in 1975, partly because the Administration believes that most eligible families are now receiving benefits, but also because of intensive efforts by the federal government to tighten up the management of the program. The Administration's proposed spending for the program is $3.9 billion, down $14 million from the fiscal year 1974. However, they expect an increase of 300,000 recipients.

Social services

The Administration's budget provides $2.1 billion for the Social Service program. This is $300 million more than was spent in fiscal year 1974, but is $400 million below the limitation established by Congress. Congress has delayed, until December 31, 1974, the implementation of proposed regulations which would limit State expenditures from this program.

Allied services

The Administration has introduced legislation for a new allied services program. This program, for which $20 million has been proposed for fiscal year 1975, is designed to demonstrate the benefits of coordinated planning and delivery of related human service programs at the state and local level.

IMPACT ON MINNESOTA

Social services

The funding level for the Social Services program in Minnesota depends a great deal on what type of regulations are adopted.

Allied services

Minnesota has two pilot human resource service projects; one in the seven county Arrowhead Regional Development Commission area and the other in the nine county Region Nine Regional Development Commission Area. These projects could be eligible for federal funds under the proposed allied services program.

OVERPAYMENT OF INCOME TAXES

Mr. BIDEN. Mr. President, at recent hearings conducted by the Senate Committee on Aging, evidence was submitted which indicates that many older Americans, as many as one-half, overpay their income tax. Too often this occurs, because the elderly are not aware of allowable deductions which could significantly reduce the amounts they pay.

The result is that once again those Americans with low or moderate incomes pay more than they should, while those in the upper income brackets take advantage of abundant loopholes and pay very little.

A checklist of deductions which can provide a valuable savings in taxes for the elderly has been prepared by the Senate Special Committee on Aging. I believe this summary of allowable deductions can provide a much needed service for older Americans who itemize their expenses. The committee, under the chairmanship of Senator CHURCH, has also prepared a helpful summary of additional tax relief provisions for the elderly, which can provide further assistance.

Mr. President, I ask unanimous consent that the Committee on Aging's checklist of allowable deductions for schedule A and the summary of other tax relief provisions for the elderly be printed in the RECORD.

There being no objection, the checklist 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 (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.
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 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.
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 loans 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 nom-

ination 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 minimum 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

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 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.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is concluded.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now proceed to the consideration of the unfinished business, S. 2705, which the clerk will state.

The legislative clerk read as follows:

Calendar No. 481, S. 2705, to provide for the disposition of abandoned money orders and traveler's checks.

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

There being no objection, the Senate proceeded to consider the bill.

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

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

The legislative clerk proceeded to call the roll.

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

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

Mr. SPARKMAN. Mr. President, this bill was originally introduced on May 29, 1973, by my distinguished colleagues Senator SCOTT, Senator TOWER, and Senator CRANSTON, and was referred to the Committee on Banking, Housing and Urban Affairs. We reported favorably a clean bill, S. 2705, after accepting some minor changes suggested by the Federal Reserve Board and the Department of the Treasury.

The purpose of the legislation is to clarify and make more equitable the rules governing the disposition of the proceeds of abandoned traveler's checks, money orders, and similar instruments for the transmission of money among the several States. Our intention is to resolve a longstanding and much litigated conflict among the various States as to which State is entitled to these proceeds.

The Supreme Court of the United States, in *Texas* v. *United States,* 379 U.S. 674 (1965) and in *Pennsylvania* v. *New York,* 407 U.S. 206 (1972), held that the State of last known address of the purchaser is entitled to escheat the proceeds of a money order, and if there is no address, the State of corporate domicile of the issuer is entitled to escheat the proceeds. It is worth pointing out that no records of purchasers' addresses are currently kept in the case of money orders and traveler's checks. From a practical standpoint, this means that unless a State wants to develop cumbersome and costly recordkeeping requirements, all of the money to which that State is otherwise entitled will go as windfall to one State, the corporate domicile of the issuer. At the moment, I am told there is more than $4.6 million being claimed by the corporate domicile States which equitably should be distributed among all 50 States.

In my opinion, S. 2705 offers a simple, yet equitable answer. Briefly, it provides that the last known address of the purchaser of traveler's checks and money orders shall be presumed to be in the State wherein such instruments were

purchased. Thus, the State of sale—and not the State of corporate domicile—will be entitled to the proceeds of traveler's checks and money orders deemed abandoned under such State's escheat laws.

Some may ask, "How do we know that people purchase traveler's checks and money orders in the States where they reside?" This is a fair question and one that I myself raised earlier. First of all, not every purchaser will purchase these instruments in the State where he or she resides. However, we can say that most people will not inconvenience themselves by traveling great distances to purchase money orders and traveler's checks.

This was confirmed in a recent survey conducted by one of the major issuers. It was found that more than 90 percent of all traveler's checks and 95 percent of all money orders are issued in the State in which the purchaser resides. Second, the small number of residents in State X who cross over to State Y to purchase these instruments should be offset by the number of residents of State Y who cross over to State X for the same reason.

In sum, the legislation is intended to do equity while avoiding unnecessarily cumbersome recordkeeping requirements that would drive up the cost of these instruments to the consumer. We know that many low-income families use money orders instead of checking accounts to pay their bills, because they are readily available and because of their low cost. I believe that S. 2705 will do the job without impairing the usefulness of these instruments.

I urge that S. 2705 be passed.

Mr. President, I ask unanimous consent that a detail explanation of the provisions of this bill be printed in the RECORD.

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

EXPLANATION OF BILL

The legislation provides that where any sum is payable on a money order, travelers check, or other similar written instrument (other than a third party bank check) on which a banking or financial organization or a business association is directly liable, and the books and records of the obligor show the State in which that instrument was purchased, that State shall be entitled exclusively to escheat or take custody of the sum payable on that instrument, to the extent of that State's power so to do under its own laws.

If the obligor's books and records do not show the State in which the instrument was purchased, then the State where the obligor has its principal place of business shall be entitled to escheat or take custody of the sum payable on the instrument, to the extent of that State's power under its own law so to do, until another State shall demonstrate by written evidence that it is the State of purchase.

If the laws of the State of purchase do not provide for the escheat or custodial taking of the sum payable on such instrument, the State in which the obligor has its principal place of business shall be entitled to escheat or take custody of the sum payable on such instrument, to the extent of that State's power under its own laws to escheat or take custody of such sum, subject to the right of the State of purchase to recover such sum from the State of principal place of business if and when the law of the State of purchase makes provision for escheat or custodial taking of such sum.

This legislation is applicable to sums payable on the various instruments deemed abandoned on or after February 1, 1965, except to such sums which have already been paid to a State prior to the date of enactment.

Mr. TOWER. Mr. President, I agree with the statement of Senator SPARKMAN and would like to point out that there was no dissenting opinion from the Committee on Banking, Housing and Urban Affairs. This particular matter has been reviewed a number of times by the Supreme Court and they have, in essence, asked the Congress to settle this interstate controversy. May I quote from the 1965 decision, Texas against New Jersey, of the Supreme Court:

With respect to tangible property, real or personal, it has always been the unquestioned rule in all jurisdictions that only the State in which the property is located may escheat. But intangible property, such as a debt which a person is entitled to collect, is not physical matter which can be located on a map. The creditor may live in one State, the debtor in another, and matters may be further complicated if, as in the case before us, the debtor is a corporation which has connections with many States and each creditor is a person who may have had connections with several others and whose present address is unknown. Since the States separately are without constitutional power to provide a rule to settle this interstate controversy and since there is no applicable federal statute, it becomes our responsibility in the exercise of our original jurisdiction to adopt a rule which will settle the question of which State will be allowed to escheat this intangible property.

That decision held that abandoned money orders should go to the State of the creditor's last known address.

However, this rule requires costly and time-consuming recordkeeping to determine the last known address of the purchaser. Under present recordkeeping procedures purchasers' addresses are either nonexistent or very difficult to obtain. Thus, in most instances of abandoned money orders and traveler's checks, the State of corporate domicile of the issuer is getting a windfall. The principal beneficiary of this present ruling is New York. This bill would provide that the State in which the purchase of the instrument was made is presumed to be the address of the purchaser. This information is easy to obtain, and it is clearly in line with the intent of the Supreme Court in its consideration of this problem.

The bill provides that it will apply to "sums payable on money orders, traveler's checks, and similar written instruments deemed abandoned on or after February 1, 1965, except to the extent that such sums have been paid over to a State prior to January 1, 1974."

The date of February 1, 1965, was not just pulled out of the air nor was it the result of a compromise, but rather is the date of the decision of the Supreme Court case, Texas against New Jersey. It is only proper and fitting that for the sake of good and consistent law that we make this law applicable to money orders deemed abandoned on or after February 1, 1965, so that there is no hiatus or differential treatment in the interim period.

I believe that this is a fair and equitable bill. It is my hope that the Senate will pass the bill as it was reported by the committee and that any amendments proposed to it will be rejected.

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

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

The legislative clerk proceeded to call the roll.

Mr. TOWER. 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 292—"LET THE BIG SHOTS STAND IN LINE, TOO"

Mr. PROXMIRE. Mr. President, I am today submitting a resolution which I call "Let the Big Shots Stand in Line, Too," resolution.

My resolution states that no Member of the Congress, cabinet, head of any Government agency, or their major subordinates, member of the White House staff or Executive Office of the President, or an official of the rank of Vice President or above of the seven major oil companies; namely, Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell, shall get gas unless he does what every other automobile driver of the country must do.

My resolution requires that for the next 180 days none of these people shall use any form of private or Government vehicles unless they have affirmed that they got their fuel personally from a regular place of business at the stated price which makes fuel available to the general public.

This resolution, if carried out, and I believe that it would be carried out in good faith, would prevent those in high places from sending their chauffeurs to stand in line and prevent them from getting gas for either their private cars or their Government limousines from Government or private sources not available to the man in the street.

If we have an energy shortage, it should be shared by all.

Further, if people in high places have to stand in line, if those who make public policy have to actually taste what its like to wait hour upon hour to get gas, solutions to the energy problem will be found a lot faster.

It is a cardinal rule of public policy that those who make policy should not be too far removed in either pay for their jobs or the routine burdens of life that they lose touch with what the ordinary citizen has to go through. Those who make policy should share the consequences of their policies.

We have all heard stories of how some are getting their gasoline from Government or private sources not available to the man in the street. I think the passage of this resolution is one way to bring those in policymaking position in closer touch with the realities of life.

I commend it to the Senate and to the public. I send the resolution to the desk, ask that it be read, and I will then ask unanimous consent for its immediate consideration.

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

The legislative clerk read as follows:

S. RES. 292

Resolved,

It is the sense of the Senate that:

No Member of the Congress;

No Member of the Cabinet or head of any Government Agency;

No person of the rank of Under Secretary or Assistant Secretary in an Executive Department;

No member of the White House staff or Executive Office of the President; and

No official of the rank of Vice-President, or above, of Exxon, Gulf, Citgo, American, Sunoco, Texaco, or Shell oil companies;

Shall for a period of one hundred eighty days use any form of private or governmental automotive transportation (except public bus or taxi services) unless such official shall have affirmed in writing that the fuel for such vehicle used in transit to and from his regular place of business was acquired personally at the stated price from a service station or other facility which makes fuel available to the general public.

Mr. PROXMIRE. Mr. President, I ask for the immediate consideration of the resolution.

Mr. TOWER. I object.

The ACTING PRESIDENT pro tempore. Objection is heard. The resolution will go under the rule.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate resumed the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

The ACTING PRESIDENT pro tempore. The bill is open to amendment.

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

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

The legislative clerk proceeded to call the roll.

Mr. TOWER. 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 FERTILIZER SITUATION

Mr. McGOVERN. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 667.

The ACTING PRESIDENT pro tempore. The measure will be stated by title.

The legislative clerk read as follows:

Calendar No. 667 (S. Res. 289), a resolution relating to the serious nature of the supply, demand, and the price situation of fertilizer.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous consent request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

Mr. McGOVERN. Mr. President, I ask unanimous consent the following Senators be added as cosponsors: The Senator from Michigan (Mr. HART), the Senator from Georgia (Mr. NUNN), the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Maine (Mr. MUSKIE), the Senator from Idaho (Mr. MCCLURE), the Senator from Iowa (Mr. HUGHES), the Senator from New Mexico (Mr. DOMENICI), and the Senator from Missouri (Mr. SYMINGTON).

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

Mr. McGOVERN. Mr. President, Senate Resolution 289, now the pending business of the Senate, was favorably reported unanimously by the Senate Committee on Agriculture and Forestry last week. This resolution, which I introduced on behalf of all members of our committee and myself, is designed to deal with a very serious situation which could ultimately affect the future food and fiber supply of this Nation and much of the world.

The availability of fertilizer supplies to American farmers this year will determine, assuming normal weather conditions, whether we, as a nation, meet our maximum food and fiber production goals this year. And more than ever before, we must do everything we can to reach those goals. Both United States and world reserves of food grains are now approaching near record lows. Therefore, we will be approaching this year's production of these commodities with little or nothing to fall back on should something go wrong. In other words, next year's food supply—for both this Nation and much of the world—is now either in the ground or is about to be planted.

The amount and price of bread and cereal products, milk, meat, and eggs consumers will have available next year will be determined by how much fertilizer—especially nitrogen fertilizer—will be made available to farmers over the next few months.

About one-third of the total food and fiber production in the United States is directly attributable to the application of fertilizer.

Almost 270 million acres of land will be planted to wheat, feed grains, soybeans, and cotton. This amounts to almost 20 million more acres of land in production this year over last year, or almost 50 million acres more than was in production in 1972.

The increase in wheat, corn, and cotton acreage this year over last alone will require an additional 4 million tons of fertilizer, almost 10 percent more than was utilized last year.

Aggravataing these domestic shortages is the worldwide shortage of fertilizer. Like the United States, worldwide demand for fertilizer was given a strong stimulus about 2 years ago when countries began pushing for expanded production following crop failures and sharp drawdowns in world food grain supplies.

Recent Arab oil embargoes and price hikes are now further complicating these worldwide fertilizer shortages. Japan, who has been a major supplier of fertilizers—especially nitrogen and urea—to India and the rice bowl countries of Southeast Asia, already has begun cutting back on earlier contracted for shipments.

U.S. Ambassador Moynihan advised our committee recently that Indian farmers this year will get about 17 percent less total fertilizer tonnage this year than they got last, or about 40 percent short of demand this year. Such shortages, he suggested, will very likely cause major famines in various parts of India later this year and early next. Of course, unlike the 1960's when we helped India avert a similar famine threat, the United States may not have the reserve supplies this year or next to help meet such a life-and-death crisis.

In my judgment, what we are dealing with here is nothing short of a "national emergency." When as much of the world's food supply is at stake, as is now the case, little or nothing should be permitted to stand in the way of all out crop production this year. The United States alone provides over 50 percent of the world's wheat exports, 75 percent of the world's corn exports and about 90 percent of the world's soybean exports. If we are to continue to export such contributions to the world's food basket, our farmers must be provided with the input supplies—especially fertilizer—they require to produce at such levels.

U.S. fertilizer productive capacity is currently insufficient to meet the increased farmer demands for these inputs.

Unfortunately, due to a sharp expansion and then contraction of the fertilizer industry in the United States during the 1960's, followed by the imposition of government price controls on the industry in 1971—a time when the industry was just beginning a slow recovery toward expansion—the industry was caught with insufficient capacity to respond to the sudden increased demands placed upon it.

The convergence of these factors—sharp expansion of national agricultural production goals and insufficient fertilizer productive capacity—may result in the inability of this country to maximize agricultural production at a time when it needs to do so more than ever before.

Further hampering full achievement of current U.S. agricultural production goals is the fact that the current productive capacity of the U.S. fertilizer industry is not being fully realized. Full realization of capacity and future expansion in the industry are both dependent upon government priority commitments, both Federal and State, to fertilizer producers regarding assured supplies of fuels and feedstocks—natural gas, in particular.

In that the U.S. fertilizer industry, like many other industries, was brought under Federal Government mandatory wage-price controls in early 1971, it had little financial incentive to expand production to meet growing U.S. demands. While U.S. demand was expanding during this period, so was foreign demand. The combination of these demands and domestic price controls, led in 1973, to an increasing amount of U.S. fertilizer production moving into the export market. Foreign buyers were able to offer

prices for these supplies higher than what manufacturers could obtain from U.S. buyers.

This situation led the Cost of Living Council, in October 1973, to remove the fertilizer industry from price controls. United States fertilizer manufacturers, in return for removal of these controls, promised Dr. John T. Dunlop, Director of the Cost of Living Council, the following: first, that every effort would be made to increase the availability of fertilizer supplies to U.S. farmers—in other words, to voluntarily constrain future export shipments—and second, to hold-the-line on wholesale price increases as much as possible.

Our Subcommittee on Agricultural Credit and Rural Electrification held a 1-day hearing on February 19, 1974, on the serious nature of the current supply, demand and price situation of fertilizer. Representatives of the Fertilizer Institute, the National Council of Farmers Cooperatives, several major fertilizer manufacturers, the Cost of Living Council, the Departments of Agriculture and Commerce, the Federal Energy Office, the Federal Power Commission, and the Tennessee Valley Authority testified at this hearing.

The Fertilizer Institute representative testified that the U.S. fertilizer industry is expecting to supply about 5 to 8 percent more total fertilizer tonnage during the current fertilizer year—1973–74—to American farmers than last year, or about 46 million tons of material. However, he pointed out that despite this added tonnage, the industry would still fall short of farmer demands this year by 1.5 million nutrient tons of nitrogen material and 830,000 tons of phosphate material. The U.S. Department of Agriculture estimate of these shortfalls is less: 150,000 to 450,000 tons of nitrogen and about 700,000 tons of phosphate material. Potash supplies appear adequate, with availability to farmers nonetheless still being influenced by the availability of transportation facilities.

The shortage that now exists in phosphate fertilizer is also creating shortages in the availability of phosphates used in animal feed rations.

The general acknowledgement of nitrogen and phosphate material shortages this year underscores the importance of also examining the distribution of available supplies and the wholesale and retail pricing of such supplies—which the subcommittee intends to do.

U.S. fertilizer manufacturers are now operating under a voluntary allocation distribution system. While the Cost of Living Council indicated to the subcommittee that the fertilizer industry has generally kept its decontrol commitments, wholesale prices of fertilizer materials since last October have risen to levels higher than were anticipated.

Producer prices of all fertilizer materials are much higher than in 1973. The Cost of Living Council said a January telegram survey showed an average increase of 65 percent over the controlled levels of October 1973. However, all major producers have indicated that current price levels will be maintained through June 30 unless there are substantial increases in production costs.

The U.S. Department of Agriculture reported on Monday of this week that its field surveys continue to show fertilizer shortages, with nitrogen shortages most severe. Its report stated:

Nitrogen is short in 40 states and tight in five. Mixed fertilizer is short in 29 states and tight in 15. Phosphate and potash supplies were reported up somewhat from two weeks ago with phosphate still short in 30 states and potash in 24.

The potash shortages that have been reported, are apparently due to a lag in distribution rather than to an unbalanced supply-demand situation.

The Department also stated that the tight situation has caused some delays in field work and other farming operations and has also caused some delays in movements of grain to livestock feeders and terminal markets.

Based upon our subcommittee hearing findings and other analysis of the situation, the full Committee on Agriculture and Forestry adopted and favorably reported Senate Resolution 289. This resolution, if adopted by the Senate, would express the sense of this body that:

(1) All agencies of the Federal Government having any responsibility for the establishment of priorities regarding the allocation of materials and facilities utilized in the production or distribution of fertilizer should give the highest priority to the U.S. fertilizer industry in establishing such allocation priorities.

(2) The U.S. fertilizer industry is to do its utmost in distributing available fertilizer supplies among farmers in a timely and equitable manner, and at reasonable prices.

(3) The Federal Power Commission, and appropriate State regulatory agencies, should establish priorities for the allocation of natural gas to nitrogen fertilizer producers sufficient to insure them of supply levels required to maintain maximum production levels.

(4) The Federal Energy Office should give the highest priority allocation to the fertilizer industry's needs for gasoline, middle-distillates, and other liquid fuels utilized in the production, distribution, and application of fertilizer.

(5) The Cost of Living Council and the Departments of Agriculture and Commerce should continue their monitoring and reporting of fertilizer supply availabilities, wholesale and retail prices, and export shipments.

(6) The Cost of Living Council should establish a monitoring and investigatory program through the offices of the Internal Revenue Service to determine the factual basis of any alleged price gouging involving either fertilizer wholesalers or retailers. This monitoring and investigatory program also is to embrace (a) any changes in manufacturer marketing operations or changes in relationships between local dealers and their farmer customers which may adversely affect the continued supply or price of fertilizer to farmers.

With respect to this last item referred to in the resolution, I wish to announce that our Subcommittee on Agricultural Credit and Rural Electrification will hold an additional day of hearings in Omaha, Nebr., on Friday, March 8, 1974, to hear from farmers and local fertilizer dealers regarding the distribution and pricing of fertilizer supplies to farmers.

Mr. President, another problem discussed at our February 19 hearing on fertilizer, but which is not addressed in Senate Resolution 289, is the shortage of feed grade phosphates which are essential to the proper growth of livestock and poultry.

There are two principal sources of phosphorous for animal feed. One is dicalcium phosphate and the other is defluorinated phosphate.

Estimated demand for these products and equivalent material this year is 1.6 million tons, yet supply is estimated to be only 1.3 million tons. Unless action can be taken to increase the production of these materials and soon, the production of livestock, especially hogs and poultry, will be dramatically and adversely affected. In South Dakota alone, livestock income could drop by as much as $100 million if these phosphate feed supplies are not made available.

I have discussed this situation with my distinguished colleague from Iowa, Senator CLARK, and he has an amendment to offer to Senate Resolution 289 regarding this situation which I urge my other Senate colleagues to accept.

Mr. President, I ask unanimous consent to have the hearing statements of Mr. Ed Wheeler of the Fertilizer Institute; Dr. John Dunlop of the Cost of Living Council and Paul Weller of the National Farmer Cooperative Council printed in the RECORD.

I also ask unanimous consent to have a Commodity News Service wire regarding the phosphate feed shortage which appeared yesterday printed in the RECORD following the hearing statements of Mr. Wheeler, Dunlop, and Weller.

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

TESTIMONY OF EDWIN M. WHEELER

Mr. Chairman and Members of the Committee: None of us should be surprised that we meet here today to inquire about the fertilizer shortage. Considering all the factors to be discussed today you will readily agree, I am sure, that while our industry is making a Herculean effort to supply our farmers—the simple fact is that we are going to fall short in obtaining our goal of full dealer supply. Every consumer should want us to attain this high level because of what it means insofar as food supply and ultimately, supermarket prices are concerned. While it would be easy to gloss over the situation, we believe the Committee and the nation want the truth.

I

It has been years since we have had a major overhaul in farm legislation which encouraged all-out farm production. From 1932 to 1940 all legislative efforts were to stifle overproduction. After World War II (with the exception of the Korean War and the mid-1960 effort on wheat) our farmers have been told to hold down the acreage, directed as to specifically what they could or could not plant and on and on. The goal was always the same, namely to stifle what our U.S. farmers do best—produce in abundance.

Last year the Congress completely altered this historic pattern by legislating floor prices, i.e., it guaranteed our farmers a minimum price, leaving only the acreage question to the Executive Branch. Even then the Administration fought the floor prices established because they were "too high." The current market prices are double the floor in most instances and show no sign of

moving toward them. Indeed, based on the short supply of nearly every agriculture commodity both at home and abroad, this can't happen for at least a year. Were the Congress to step up our foreign assistance program it is my personal judgment that we would never again approach the floors. *It was the clear intent of the Congress that it wanted maximum food production to curtail or lower consumer food prices without harming our farmers.* As with additional fertilizer production, there had to be an incentive and this body provided it.

Slowly the Administration responded and today the farmers can plant all they want with minimal restrictions. Prior to this release we were harvesting about 285 million acres annually. During 1972–73, harvested cropland jumped to 332 million acres, an increase of 16.5%. And, just recently, USDA issued data on 1974 intentions for three crops—corn, wheat and cotton—which show a 20-million-acre increase over 1973. This increase alone will require an additional 4 million tons of fertilizer, or an increase of nearly 10% over 1973. To understand the magnitude of the numbers I will use, consider a 100-car train made up of 100-ton hopper cars. This train will handle 10,000 tons and be about one mile long. Thus, just the acreage increase for 1974 alone requires 400 solid train loads of fertilizer. Now, add in the additional acreage put into crops in 1973, many of which were not adequately fertilized because of poor weather, and these 40 to 50 million acres in and of themselves make for a major market.

A second factor triggering the insatiable fertilizer demand is the price of farm commodities themselves. We have never enjoyed a strong fertilizer market in the wheat belt. Some of the more aggressive or progressive farmers, it is true, were fertilizer buyers but no where near commensurate with, say, the corn farmer. Even after the bottom fell out of fertilizer prices the wheat farmer wasn't particularly interested with $1.75 wheat. With wheat now selling at $5.00 at the country elevator I can hardly describe what occurred to us last fall when the winter crop was put in. We simply couldn't meet the demand from a suddenly created new large market. The situation in Canada is exactly the same, hence the reluctance of the Canadian fertilizer producers to ship into the U.S. markets where less than two years ago they were actively seeking American customers. Canadian consumption for 1973 was 2.5 million tons and for '74 the projection is 2.8 million, an increase of 11 percent.

Accordingly, new acreage and high commodity prices which encourage heavy per acre application on all crops add up to making it impossible for us to meet the demand.

Committee members in close touch with their farmers know full well that *every* agricultural input is in tight supply. Bailing wire, farm equipment, fuel—you name it—it is in short supply. Large diesel tractors have a waiting list of at least one year and combine deliveries are even slower. These input shortages as well as our own were created by this unprecedented peace-time demand on our farmers.

We are *not* being critical of the Administration but our industry was never consulted on either the 1973 or 1974 acreage release as to (1) whether the industry could supply the demand or (2) a quasi embargo should be invoked to meet U.S. internal requirements. We shall later examine how inconsistent governmental policies have and are affecting the industry, but suffice it to say here that it is unreasonable, if not capricious, to expect any industry to have reserve production facilities of the magnitude now required.

We can honestly say we tried but in vain to warn the Department of Agriculture, the Price Commission and later the Cost of Living Council of the approaching storm. They could read the numbers they themselves generated, but they either wouldn't or did not. These numbers showed beyond doubt we were using far more material than we could produce. Hence, we were pulling down our inventories at an alarming rate—no recognition of this was afforded until it was too late.

At the time this statement was prepared USDA forecasts a nitrogen shortage of 5% and phosphate at 10%. We simply can't believe these figures. Like you, we are buried under an avalanche of complaints from the dealers over the inability to obtain material. I shudder to think of the farmers reaction when they become fully aware of the facts.

Based on our current knowledge of production, inventories, transport capabilities and demand, we conclude that the following will obtain:

The industry should end up the '73–74 year delivering 5 to 8% more tonnage to American farmers than last year—or about 46 million tons of material. But, we'll still come up short of demand by:

3 million tons short of nitrogen material.

1.5 million tons short of phosphate material.

As a generally accepted rule of thumb, one ton of fertilizer will produce five tons of additional grain. If our calculations are correct, therefore, we could lose 22.5 million tons of grain production.

These assumptions, of course, are based on reasonable spring weather and take into account record-breaking deliveries which have already occured. For the 6 months beginning in July through December, producers shipped 15% more material for domestic use than in the same period a year ago which was, in itself, a record year. Fertilizer sales, as reported by USDA, show even a sharper increase. For the July-November period in '73, fertilizer delivered to consumers was up 35% over the same period in '72.

II

All of agriculture is bound together. That is to say, when our farmers do well, so do their suppliers. Unfortunately, the reverse is also true. In the 1960's there was a general euphoria that the U.S. farmer was going to feed the world's growing hungry millions. The chance to get into the action was not overlooked by major U.S. corporations, particularly the oils. In addition, the oil companies had access to plenty of cheap gas—the basic feedstock of all nitrogen. Very rapid expansion of all fertilizer production soon occured. The fertilizer industry is a very heavy capital intensive industry as the big plants are expensive to build. Like the farmers, no one was worried about over-production—it could be exported. Alas, our farmers and our industry pie in the sky turned out to be pie on our faces. The foreign markets for grain and fertilizer were there only so long as the U.S. taxpayer was willing to underwrite the cost. Our overseas customers, in the main, were on the dole of P. L. 480 or AID. Meanwhile, to avert catastrophe the producers put up retail outlets at every corner of every cross-road town. Price cutting, ridiculous credit terms, give away services were all employed. Thus, the die was cast by the producers themselves. Profits completely disappeared and in 1968 the industry lost $61.2 million; these losses soared to $160 million in 1969 and dropped back to $45.4 million in 1970. Continental, Cities Service, and Gulf, among others, gave up absorbing huge losses just to get out. Old marginal plants were closed, research stopped, sales and marketing forces were decimated in attempt to stem the flow of red ink. No new facilities were constructed and only minimal maintenance was carried on. Local retail facilities were not only closed but producers withdrew from their least profitable geographic areas.

While our farmers plunged into the doldrums as exports dried up, they nevertheless expanded their use of fertilizer. Each year the rate of growth was about 5% compounded. So quiet, so unsensational was this growth that few grasped its meaning. They were, in the main, the leaders of the cooperatives. Today the coops supply nearly 40% of all retail sales. In effect, then, the market inexorably expanded to the industry capacity.

By mid-1971 it was clear to everyone that once again additional capacity was going to be needed within the next several years. Lead time was then 18 months on a major ammonia plant but, even then, the gas shortage was on the horizon. While these hallmarks were clear, sanity prevented anyone approaching a Board of Directors or the financial community to secure the needed sums. Financial prudence dictates that one doesn't add to capacity when the present facilities are already losing tremendous sums. The cost of a new ammonia facility is nearly double compared to five-seven years ago. Substantial price increases therefore are absolutely mandatory if new facilities are to be built.

Nevertheless, additional plant capacity was in the study stage when Phase I struck like a thunder bolt. Phase I, II, III, all had profit margins based on three years which were all loss years for our industry. In December 1971, The Fertilizer Institute filed with the Price Commission, then headed by John Connally, for a complete exemption on prices and profits. It was an undeniable fact that during the inflationary period fertilizer prices were falling like the proverbial rock in the mill pond and the profit picture outlined above was known to every reader of the Wall Street Journal.

Our pleas for relief were denied time after time, thus two years more elapsed with no addition to capacity. Yet, the demand was on our heels. This was the scene when a dramatic turn of events occurred in the export market.

III

Year in and year out our exports have represented a modest amount when compared to total production. The two devaluations changed this, for now American fertilizer was discounted by 20%. Additionally, there was a further but realistic discount imposed by holders of large amounts of dollars. Thus, in the industrialized nations their dollars would buy nearly a third more U.S. produced fertilizer, grain, cotton, etc., than before our currency was cheapened. Nearly simultaneously, a cruel drought and/or flooding hit Bangladesh, India and Pakistan, putting great pressure in both the public and private sector to buy the same aforesaid commodities.

To recap then, we had:

1. A frozen U.S. price.
2. No price ceiling on exports.
3. A practical 30% discount of prices due to re-evaluation.
4. Millions of people on the verge of starvation.
5. U.S. companies seeking to make up for their losses started a concentrated drive for export.
6. The spectre of depleted grain and fiber reserves around the world suddenly made point 3 superfluous with foreign customers literally tearing down the door to get American fertilizer.

The change in fertilizers exported was dramatic, for example:

	Millions of tons
1971	4.8
1972	5.1
1973	6.6

Keep in mind that up until fall 1973 we were being cheered for our efforts in export because of the trade imbalance. Please also bear in mind that it was not the astuteness of our industry, particularly, that caused the outpour. It was in fact the spectre of either starvation or the booming rise in the standard of living of emerging nations such as Brazil. U.S. domestic prices were frozen at a level far below any nation in the world and they lined up at the bargain counter. This is precisely what had been forecast by The Institute and our forecast of shortage is now a fait accompli.

Enters now the Mid East oil embargo and the action of Morocco and Tunisia. In September, 1973, at the time of our last (and successful) request for de-control, the following F.O.B. prices obtained:

	Export (not frozen)	Domestic (frozen)
Ammonia	$70	$40
Urea	110	67
DAP	100	75

In mid-October the two biggest competitors of the U.S. in the production of phosphate rock, Morocco and Tunisia, announced an increase in phosphate rock price of 183%! The tremor was felt 'round the world, particularly in the emerging nations, but even Continental Europe was stunned as they are very large importers from these two countries. At nearly the same time the Mid East oil embargo began to take effect. Nearly all non-U.S. produced nitrogen is not only based on oil, but Arab oil as well.

This double action in the face of an obvious shortage caused prices in the world market to reach unheard of levels. Prices around the world are rising so rapidly that it is difficult to say with accuracy what the prices are with certainty. Based on our general knowledge, however, we repeat the earlier data with the highest permissible (See IV) U.S. price also shown:

	Domestic	Export
Ammonia	$120	$200-210
Urea	105	200-210
DAP	120	220-230

World conditions, over which our nation has no control, be it weather, oil or governmental price action have caused a traumatic change. Even at these export prices our producers are foregoing this super lucrative market as will be seen next.

IV

Following decontrol a coordination group was established to work out a joint governmental-industry problems. Among other "requests" made upon the industry were:

1. A commitment to put all possible uncommitted tonnage into the domestic market.

2. Industry was to help establish a reporting system on current and future export commitments.

3. On January 10, 1974, following a meeting with Secretary Butz and Dr. Dunlop the producers were asked and an overwhelming number committed themselves to no further price increases until at least the end of the fertilizer year, June 30, 1974.

4. Government, for its part, pledged aid in securing gas, fuel, steel, equipment, etc.

Industry has fulfilled its obligation. *During the first 6 months of the current season our computer studies show we delivered a record 15% more material than for the same period a year ago.* USDA data for 15 selected states show a whopping 35% gain. We did assist in the export reporting service, but at the time this testimony was prepared we have not seen the results which are within the sole control of the Department of Commerce.

A fair understanding of the thrust of putting maximum tonnage in the U.S. market and export reporting plus all the discussions on exports can be summed up as a quasi-embargo. Likewise, the industry has in a sense returned to price ceilings per the meeting of January 10, and subsequent monitoring by the Cost of Living Council. This monitoring through the Dallas Internal Revenue Office could be said to be ripe with implication and needs no further comment.

One can not describe with preciseness the export demand. It is regarded here and abroad with awe. AID tenders for the fourth quarter of '73 asked for bids *from all non-communist nations* on 643,000 tons of material. They received bids of only 178,500 or a 72% shortfall. To the best of my knowledge, every emerging nation in Asia is seeking material in vain save the Peoples Republic of China who appears to be receiving continued large tonnage from Japan per an earlier contract. We know of continued unfilled orders for many nations in Central and South America.

It must be clearly borne in mind that while our consumers are complaining of high food prices, many overseas nations are perilously close to starvation. In these circumstances their governments are desperate to purchase fertilizer and price becomes secondary. It is axiomatic that starvation will cause such violent political upheaval that not only will governments of those countries fall, but chances are good that alien political philosophies will rise with success to its proponents.

This brings us squarely to the question of considering either an embargo or a licensing system. One must be fully cognizant of the implications and/or real effects of such a move on our part for dangers are not apparent but none-the-less real. Among things to be considered:

(a) We are dependent on Canadian potash.

(b) New York, Michigan, Wisconsin, North and South Dakota, Montana, Idaho, Washington and Oregon receive large tonnage of finished Canadian fertilizer.

(c) Canada is wholly dependent on the U.S. for phosphate rock.

(d) We have exported 3.7 million tons of fertilizer July-December '73. We imported 3.9 million tons at the same time.

(e) Restricting exports (phosphate rock) to Europe would cut us off from urea, ammonium nitrate and anhydrous ammonia.

(f) It would constitute a devastating blow to our Latin American neighbors and customers who are dependent on the U.S. as their major supplier.

We have given only the highlights of the problems created. Most salient of any argument, it would be a departure so radical from our post-World War II humanitarian programs that one could not defend it. Consider the virtual cessation of P.L. 480 grains—is it to be our policy to cut off the only possible means of self-help to these millions of people? I can't believe we have come to that state of selfishness.

It is my judgment that a fertilizer embargo or licensing system would cause repercussions far beyond that we experienced last fall with soybeans. We, as a nation, are quick to decry others who impose embargoes in what those nations believe to be in their self-interest. We, as a nation, should be quick to practice those doctrines which we say would be good for others.

Our industry, however, is in a quandary in view of the quasi embargo as to what the national policy is going to be in the future, i.e., beyond June 30, 1974. Guidelines as to whether precedence shall be given to emerging nations vs. developed countries is one issue. Certainly with nations like Canada, etc., any guide should recognize interdependence of exchange of materials. We believe that if guidelines were established the producers would adhere to them. Our producers know full well that their principal long-term market is the U.S. and they will always cater to it so long as the domestic market is profitable.

▼

Our most recent data shows that our ammonia plants were operating at 97.5%; phosphate rock 89.2%; wet phosphoric acid 91.8%, etc. We are running close to maximum capacity. Expansion is a must if the nation's agricultural machine is to reach its maximum.

To obtain maximum fertilizer production, we must have energy. Current estimates for 1973 are a production loss of 300,000 tons of ammonia due to gas curtailment. While this is not large it has a serious effect in this time of shortage. The Federal Power Commission has granted No. 2 priority to those who use gas as a feedstock. It must be borne in mind that *any* feedstock user with a *firm* contract is a No. 2 priority. This means the agricultural ammonia plants compete with acetylene, caprolactan, carbon black and those ammonia plants which do not ship to our farmers. The Federal Power Commission should have the authority or be required, therefore, to give agricultural ammonia plants, regardless of a firm or interruptible contract, the highest priority second only to residential heating. Second, a basic problem is that many of our plants are on intrastate gas supply over which the Federal Power Commission has no Congressionally-mandated jurisdiction. Each state is free to do as it wishes and, thus, there is no uniformity of treatment or policy. This is a matter that needs careful consideration in view of the next point of discussion.

Third, by 1980 we need to expand our U.S. domestic nitrogen production by 8 million tons. Only two major plants are now being built, both of which are in Oklahoma and one of them on the cooperative's own captive gas. Unless there is the aforesaid high priority established soon, any new gas discovered under intensified drilling will not be available to our industry. A large number of producers are willing to commit capital but they cannot get gas from any source.

As has been evidenced by the mid-East crisis, it would be a major risk we should not subject the country to by depending on off-shore nitrogen plants. It may be an inconvenience to reduce driving because some far-off potentate suddenly doesn't like the U.S. but it would literally be deadly serious if our nitrogen supplies were similarly cut off. Congress needs to be bold in its quest for a proper policy.

Our industry is just the production of fertilizer uses 250 million gallons of kerosene, mid-distillates and No. 4, 5 and 6 oil. Under current Federal Energy Office directives, agriculture is to receive 100% of its current requirements. Agriculture, under the regulation, is defined (in part) as "services directly related to the planting, cultivation . . . of fiber, timber, tobacco and food intended for human consumption" (Section 211.51). Use of plain English would lead one to construe this to mean every activity in our industry from production to field application would be covered. Not so. We have repeatedly had to make calls on Mr. Gary

Cook, who is the Co-Chairman of the Coordinating Group and a member of the Department of Commerce, to twist the necessary arms to obtain this interpretation. We see no reason why the Federal Energy Office will not clearly encompass our industry. Failing that, every retailer in the country is going to be on the phone to you this Spring because of the state and regional offices' lack of clear directives. A very heavy tonnage is applied by custom applicators or by the retailers themselves. Why not head off the complaints from every level by clarifying this situation now?

Without energy in all forms, we can neither mine, produce, manufacture, transport or apply these vital nutrients.

VI

Transport for us, like all other users, is a problem. Based on our most recent figures of car shortages for the week of February 8, we lacked 511 boxcars and 1094 hopper cars for material now available for shipment. The lack of cars is very serious in the phosphate producing areas of Florida. Our data does not include Canadian potash cars which are in very short supply. Usually, our car problems occur in early Fall and very late Winter or early Spring. Now it is a year 'round thing, varying only in intensity. Winter flooding on the Mississippi river is adding to our woes.

A shocker this coming Spring will be a potash shortage caused in the main by Canadian transport problems. We have a poor record of prompt return on these cars when empty. Our small dealers on potash, indeed on all materials, usually do not have sufficient storage to promptly unload these cars, especially the 100-ton hoppers. The smaller dealer in many instances has not kept pace in material handling and storage, thus he simply uses the rail car—be it box, hopper, or tanker—for on-site warehouse. We have stepped up our educational efforts to encourage prompt emptying and release of these expensive, scarce and sorely needed cars.

We again urge the Congress to adopt a forward looking program of computer utilization, car construction and branch line refurbishment because of the fast-growing demands for fertilizer. Last year our farmers used 43 million tons and by 1980 this figure could easily reach 60 million. We are absolutely dependent on a sound rail system if we are to obtain this goal.

VII

Effective in March we have three years in which to comply with the Clean Water Act of 1970. The Environmental Protection Agency estimates that the cost of the industry will be $160 million for this aspect. Our own industry estimates are that between $400–500 million will be required just for the so-called Clean Water requirements. We have not yet seen the regulations to come on air standards. Construction costs are rising between 10–15% a year compounded so that we feel quite comfortable with our own estimates. EPA believes that between 16–35% of the total ammonia nitrate facilities, because of age, simply aren't going to meet the standards. We wish to point out that at the very time we need to raise tremendous capital sums for expansion this additional burden is going to become a major factor. The loss of the ammonia nitrate production used for crops or explosives speaks for itself. We believe that many of the EPA requirements are based on unavailable and/or unrealistic technology which will be expensive and not accomplish the task of contributing to a better environment.

We are to expand phosphate production in the U.S. by 40% hopefully by mid 1976. This is being thwarted by the difficult, if not impossible, task of securing the many zoning changes and permits required by the State of Florida or the governmental sub-divisions thereof. Like natural gas, the state rules are all different and vexatious. Farmers in Florida are vehemently complaining about price and supply, yet, their state which is the principal supplier of the U.S. phosphates is imposing every obstacle to expansion and, ultimately, cheaper fertilizer.

As with energy, a much better coordinated environmental policy consistent with reality and financial strain is sorely needed.

Our farmers and, ultimately, our consumers will soon feel these high environmental costs which do not make any contribution to better fertilizer or crops.

VIII

Every growing animal must have dicalcium phosphate in its diet or it will die. As many members of the Congress know from the flood of complaints received from the feed industry this material, too, is in very short supply. Feed grade phosphates compete for the same materials as are used by our farmers. Phosphoric acid from which the fluorides have been removed is reacted with limestone to obtain this ingredient. Estimated demand is placed at 1.6 million tons versus an apparent supply of 1.3 million or a minimum shortage of 300,000 tons (19%).

When fish meal production nosedived due to the still unexplained disappearance of anchovies off the West Coast of South America, this situation was thereby created. Additional pressures were put on soybean meal. Fish meal contains the "dical" plus very high protein. We imported 725,000 tons of fish meal in 1972—this declined to 400,000 tons in 1973. Meat and bone scraps (commonly known as tankage) production, likewise a source of dical, declined in 1973. The market for dical in Europe boomed when fish meal was no longer available and a substantial Belgian producer quit shipping to the U.S. where lower frozen prices prevailed. Over the last few years, for several reasons, imports of guano from Curco Islands containing dical have slowly declined for a number of reasons.

The loss of these various sources principally account for the shortage. Put another way, 300,000 tons of dical would make up for the fish meal, tankage, Belgian and Curco products.

At the urging of the Secretary of Agriculture, strenuous voluntary action is taking place in the fertilizer industry to bridge the gap. Additionally, the Peruvian government has announced anchovy fishing will begin again in March, although the success and ability to refill the supply pipeline remains to be seen.

One of our major producers, Smith-Douglass, a division of Borden, is losing better than 10% of its annual capacity because it cannot get adequate natural gas. When they switch to oil, the efficiency of the plant drops markedly due to gas providing greater heat to remove the animal-poisoning fluorides and the inherent engineering problems. Some relief is in sight, but not a solution. Here again, the proper type of energy is a key.

IX

A trade association is precluded, as a practical matter, from securing current pricing because of the anti-trust implications. Therefore, the dollar figures used here will be based on public data.

Much has been made in recent days of the rise in fertilizer price. We have already shown what the world prices have done, one thing we cannot be oblivious to. For this discussion, however, we will seal the borders of the U.S. and see what obtains.

Since 1950 farm machinery rose 275%; farm labor rose 315%; farm land rose 375%; fertilizer during this same 23 years rose only 19%, or less than 1% per year. If anhydrous ammonia had gone up proportionally during this same period, its farm gate price today would be at the $450 level. The latest data (Dec. 10, 1973) from USDA shows farmers were paying $153. Ammonia is typical—it is not an isolated instance. Not only did fertilizer hold relatively steady, the nutrient value of mixed fertilizer was nearly doubled. In other words, the farmer got twice as much value for nearly the same amount of money.

We think in fairness that when people ask about "the high prices of fertilizer" the answer is, "Compared to what?" Nothing the farmer buys has given him value received as have our products. True, recently fertilizers have risen very rapidly. Equally true, they started from a very low point of departure. I recently received a publication from Kansas showing the following:

Commodity	Mid-January 1974	Mid-January 1973	Percent increase
Wheat per bushel	$5.22	$2.44	114
Corn per bushel	2.49	1.53	63
Sorghum	3.82	2.66	44

Assuming $200 ammonia at the farm gate (which is $80 above the highest producers price) the farmers input cost has risen only 9¢ per bushel over last year. At the so-called fertilizer high price level, the farmer is also receiving a so-called high price and can well afford this incremental increase. Can he afford not to use fertilizer? Certainly not! We cannot state strongly enough that to have an assured supply, to construct new plants, to open new mines, to meet the new environmental costs, to meet soaring costs we must have higher prices. The lack of an adequate rate of return in the long pull would be disastrous.

Our producers, insofar as I am aware, have maintained their January 10 pledges. Still all of us have heard of $275-$300 ammonia; $200-$225 DAP and so on. In this period of shortages there will always be some individuals who will take advantage of a given situation or of their fellow man. No responsible person in our industry, be he retailer or producer, will condone it. A word of caution, however, is that $300 retail ammonia, if based on recent import, is in line. Again, when importers bring off-shore produced material to the U.S. dealer the world price is going to be super self-evident. One should first challenge any report of sky-high price by inquiring who the producer was to be certain if there are unconscionable practices going on.

The fertilizer industry pledges its maximum best effort to supply the American farmer every pound of fertilizer that it can produce and ship consistent with those factors it can control. The industry needs more than the understanding of the Congress and the Executive. Positive policies on energy, transport and export are needed if the industry is to assist the nation's farmers in attaining maximum agricultural production.

STATEMENT ON BEHALF OF THE DEPARTMENT OF AGRICULTURE, DEPARTMENT OF COMMERCE, AND COST OF LIVING COUNCIL BEFORE THE SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION OF THE SENATE AGRICULTURE AND FORESTRY COMMITTEE, FEBRUARY 19, 1974

This statement on the current status of the fertilizer situation is presented jointly by the Cost of Living Council, Department of Agriculture, Department of Commerce, and the Federal Energy Office.

1. DEMAND

The Department of Agriculture now estimates 1974 crop year demand at 9.3 million tons of nitrogen, 5.5 million tons of phosphate fertilizers, and 4.7 million tons of potash. This represents a 12 percent increase in nitrogen, a 9 percent increase in phosphate, and an 8 percent increase in potash fertilizers over 1973 consumption. These estimates of demand are larger than the 1973 use because farmers intend to increase their acreages of many crops and hope to increase yields from planted acres. In addition, 1973 net farm income was the highest on record, which will help farmers fund larger fertilizer purchases. In truth, it will be impossible to predict precisely how much fertilizer farmers would actually apply in this crop year, since there will undoubtedly be some gap in what they wish to apply and what will be available, even under conditions of maximum fertilizer production.

2. SUPPLY

It now appears that the net domestic supply of plant nutrients in crop year 1974 will be about 21 million tons or 9 percent greater than in crop year 1973 (ending June 30, 1973). The major factors leading to this increased supply are increased projected production of all three plant nutrients, projected reductions in exports of nitrogeneous fertilizers and a near 40 percent increase in net imports of potash.

A. Nitrogen

Production of anhydrous ammonia, the basis for almost all nitrogeneous fertilizer, increased by about 12% for the first five months of the 1974 crop year. Based upon the current rate of production, adjusted for inventory change, we can expect 10.2 million tons of domestically produced nitrogen during crop year 1974 or an increase of almost 675,000 tons more than for crop year 1973. For the first five months of the crop year, total exports of nitrogeneous fertilizers have increased slightly over the comparable 1973 period. The increased exports have amounted to less than 100,000 tons of nitrogen, with most of the increase being represented by increased shipments of anhydrous ammonia and diamonium phosphates.

However, as part of the decontrol agreement, domestic producers have pledged to divert substantial tonnages from the export market to domestic use. The Department of Commerce monitoring system indicates that most producers are substantially reducing export commitments of nitrogeneous fertilizers under their 1973 actual exports (see Table 1). Imports of nitrogen materials have been slightly higher this year but they account for a small percentage of U.S. apparent consumption.

At the producer level, beginning inventories of nitrogen materials for this crop year were appreciably lower than unusually high beginning inventories for 1973—the equivalent of at least one-half million tons of nitrogen.

On balance, despite the substantially lower beginning inventories of this crop year, a combination of substantially increased production, stable exports and somewhat higher imports should result in a slight increase (3–4%) in nitrogeneous fertilizer materials available to the American farmer this crop year. Specifically, we expect a net supply of about 9.8 million tons of nitrogen for fertilizer for crop year 1974. However, in the process of distributing the nitrogen materials to farmers, an additional amount equal to 7 to 10 percent of the final consumption will be needed to cover such items of handling loss and unused retail inventories. Thus, the estimated requirements for crop year 1974 are 10.0 to 10.2 million tons. This results in an estimated shortfall of as much as 5 percent this year. Table 2 presents more detailed figures on demand, production, exports, imports, inventories, and the net supply picture in nitrogeneous fertilizers.

B. Phosphatic fertilizers

Production of all phosphatic fertilizers this crop year has been close to production last year, with a small increase in the production of wet process phosphoric acid being offset by decreases in use of electric furnace-produced acid for fertilizers. We expect production to be about 6.5 million tons, slighly greater than last year. Exports of phosphatic fertilizers are expected to marginally exceed exports of last year even though industry has curtailed export orders from planned 1974 levels, as part of its commitment under price decontrol.

Imports are at or below last year, but they account for less than 1% of net supply. Producer inventories at the beginning of this year were approximately equal to inventories at the beginning of the 1973 crop year, although there is some evidence to suggest stocks at retail outlets were lower. On balance, we believe there may be 5.2 million tons of phosphatic fertilizers available in crop year 1974, a 4–5% increase over the 1973 crop year. To service the estimated demand of 5.5 million tons of phosphate the total requirement is expected to be about 5.9 million tons. (This additional quantity is needed to cover such items as product loss and unused retail inventory). Thus, we expect a shortfall of about 12 percent in the supply of phosphates. Table 3 presents more detailed information on production, exports, imports, and beginning inventories.

C. Spring supply of nitrogen and phosphates

Despite the above analysis of increases in domestic fertilizer availability over the full 1974 crop year, because fall distribution and sales of both nitrogen and phosphates were appreciably higher last fall, there will be less fertilizer available for spring application this year than was available last year. For example, a Department of Agriculture survey of 14 states indicated a 44% increase in July–November 1973 sales of the three major fertilizer nutrients.

D. Potash

While some shortages of potash have been reported, they appear not to relate to a general imbalance in supply and demand—shipments of potash are up 46% this crop year, but rather to lags in distribution. Indeed, we're projecting a surplus of 815,000 tons for this crop year. (See Table 4)

3. PRICES

Producer prices have increased to levels higher than was expected when fertilizer materials were deregulated. According to a January 5th telegram survey by the Cost of Living Council, domestic producer prices have increased 65% on average over their controlled levels of October 25, 1973 (see Table 5). These increases in producer prices have been reflected in the retail prices of fertilizers charged to the farmer. Based on spot checks in fifty states by the Department of Agriculture, the January retail prices of fertilizers appear to have increased over the October 25 prices by the following amounts:

	Percent
Anhydrous ammonia	71
Ammonium nitrate	55
Urea	69
Triple superphosphate	41
Potassium chloride	26

Dr. John T. Dunlop, Director of the Cost of Living Council, has sent telegrams to 60 producers of fertilizers requesting their intentions with regard to fertilizer materials prices through June 30. He has received replies from all major producers indicating that current price levels will be maintained and that no additional price increases are intended unless there are substantial increases in production costs. In addition, he has requested the Internal Revenue Service to monitor on a regular basis fertilizer materials prices charged by manufacturers for the balance of the crop year.

4. ACTIONS TAKEN TO INCREASE AVAILABILITY

In addition to decontrol of prices, a number of other actions have been taken to increase domestic production and availability, improve distribution, and maximize the benefits of fertilizer application.

The most pressing problem has been to assure adequate supplies of feedstocks for the production of nitrogen fertilizers and of fuel to operate both nitrogen and phosphate manufacturing facilities.

The Interagency Committee on Fertilizer production and the Department of Agriculture have provided memoranda to the Federal Power Commission outlining the importance of natural gas for the production of ammonia, and to date, in all cases of which we are aware, the Federal Power Commission has granted assistance to ammonia producers.

In those cases where plants have relied on gas regulated by state authorities, the Interagency Committee has informed the appropriate state agency of the need for natural gas for ammonia production, and the nature and extent of the possible fertilizer shortfall facing us. To date, the only case of which we are aware—in Illinois—was decided in favor of the producing plant: We hope that states will continue to recognize the importance of natural gas to fertilizer production and insure its availability to the extent possible.

There have been several cases of fertilizer production being slowed or curtailed due to the lack of fuel oil allocations, particularly for residual fuel oil. Federal agencies have steered producers to the appropriate Federal Energy Office Regional Offices for assistance. Again to date, the local FEO offices have been decisive, and in all cases of which we are aware, have decided in favor of the fertilizer producer's processing requirements.

Transportation difficulties have been a traditional problem for this industry, particularly in the months of February and March, when large tonnages are normally moved from inventories to retail distributors and farmers.

There is again this year a shortage of railroad hopper cars and covered cars. For example, there are reported shortages in the Florida are of hopper cars for shipment of phosphate rock and phosphate-based fertilizers, and shortages of ammonia cars which are especially equipped for pressurized shipment. Shortages also appear to be serious in the Midwest, where shipments of grain are above normal levels. On the other hand, with larger than normal shipments from inventory in the fall, the normal transportation difficulties of the industry appear to be somewhat less serious overall this year. We have been in contact with the ICC, and are now determining whether any additional actions may be required.

Realizing that there will continue to be some shortage in the balance of this crop year, the Department of Agriculture has attempted to maximize the benefits received by the American farmer from those supplies which will be available. For example, extension agents have launched a vigorous campaign encouraging farmers to undertake soil tests as a means of identifying the application of fertilizer for crop and acreage, and are assisting farmers in obtaining maximum benefit from available supplies.

TABLE 1.—FERTILIZER, EXPORTS AND EXPORT CONTRACTS, CROP YEARS 1973 AND 1974

[Short tons][1]

	1st half July–December 1972 exports	2d half January–June exports	Year July 1972–January 1973 exports	1st half July–December 1973 exports	2d half January–June contracts	Year July 1973–June 1974 exports and contracts	Increase or decrease, 1974/73		
							1st half	2d half	Year
Nitrogenous materials:									
Anhydrous ammonia	303,463	381,666	685,129	326,599	269,051	595,650	+7.6	−29.5	−13.1
Urea	280,164	242,812	522,976	184,543	145,984	330,527	−34.1	−39.9	−36.8
Ammonium nitrate	7,740	12,683	20,423	27,024	1,104	28,126	+249.1	−91.3	+37.7
Phosphate materials: Florida phosphate rock (thousands)	6,218	6,594	12,812	6,488	7,689	14,177	+4.3	+16.6	+10.7
Phosphoric acid	23,115	30,534	53,649	43,409	53,920	97,329	+87.8	+76.6	+81.4
Triple superphosphate	549,381	310,923	860,304	572,237	444,387	1,016,624	+4.2	+42.9	+18.2
Mixed fertilizers: Ammonium phosphate	1,063,506	1,005,572	2,069,078	1,237,921	812,329	2,050,250	+16.4	−19.2	−.9

[1] Nutrient basis.

Source: Cost of Living Council.

TABLE 2.—NITROGENOUS FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons][1]

	1971–72	1972–73	1973–74		1971–72	1972–73	1973–74
Nitrogen:				Handling losses[3]	892	752	651–930
Domestic production[2]	9,097	9,560	10,232	Total requirements			9,951–10,230
Imports	843	881	946	Deficit			150–450
Total available supply	9,940	10,441	11,178				
Exports	1,032	1,350	1,390	Exports as percent of domestic production	11.3	14.1	13.6
Net supply	8,908	9,091	9,788	Imports as percent of domestic production	9.3	9.2	9.2
Demand	8,016	8,339	9,300	Net exports as percent of domestic production	2.1	4.9	4.3

[1] Nutrient basis.
[2] Adjusted for producer inventory changes.
[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories and other undetermined items.

Source: Cost of Living Council.

TABLE 3.—PHOSPHATIC FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons][1]

	1971–72	1972–73	1973–74		1971–72	1972–73	1973–74
Phosphate:				Handling loss[3]	501	203	385–550
Domestic production[2]	6,150	6,387	6,529	Total requirements			5,885–6,050
Imports	326	312	291	Deficit			671–836
Total available supply	6,476	6,699	6,820				
Exports	1,102	1,424	1,606	Exports as percent of domestic production	17.9	22.3	24.6
Net supply	5,374	5,275	5,214	Imports as percent of domestic production	5.3	4.9	4.5
Demand	4,873	5,072	5,500	Net exports as percent of domestic production	12.6	17.4	20.1

[1] Nutrient basis.
[2] Adjusted for producer inventory changes.
[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories, and other undetermined items.

Source: Cost of Living Council.

TABLE 4.—POTASH FERTILIZERS, SUPPLY-DEMAND SUMMARY BY CROP YEAR

[1,000 short tons][1]

	1971–72	1972–73	1973–74		1971–72	1972–73	1973–74
Potash:				Handling loss[3]	531	538	540
Domestic production[2]	2,432	2,680	2,929	Total requirements			5,240
Imports	3,088	3,192	4,139	Surplus			815
Total available supply	5,520	5,872	7,068				
Exports	657	922	1,013	Exports as percent of domestic production	27.0	34.4	34.6
Net supply	4,863	4,950	6,055	Imports as percent of domestic production	127.0	119.1	141.3
Demand	4,332	4,412	4,700	Net imports as percent of domestic production	100.0	84.7	106.7

[1] Nutrient basis.
[2] Adjusted for producer inventory changes.
[3] Handling loss is an amount of material produced and distributed that cannot be accounted for with the current data system. It may include product loss, unused retail inventories, and other undetermined items.

Source: Cost of Living Council.

TABLE 5.—MEDIAN PRICE OF FERTILIZER MATERIALS

	Number of companies	Oct. 24, 1972 (per ton)	Jan. 2, 1974 (per ton)	Percent change
Phosphate rock	7	$6.50	$15.00	130.8
Phosphoric acid	14	78.30	119.34	52.4
Diammonium phosphate	30	75.00	111.12	48.2
Triple superphosphate	26	55.00	89.00	61.8
Ammonia	39	65.00	105.00	61.5
Urea	21	72.00	110.00	52.8
Ammonium nitrate	29	62.00	90.00	45.2

Source: Cost of Living Council.

STATEMENT OF PAUL S. WELLER

My name is Paul S. Weller. I am Vice President, Public Affairs, of the National Council of Farmer Cooperatives. I am accompanied by Bill Brier, Director of Energy Resources of the Council. The National Council is a nationwide organization of 106 farmer-owned and controlled regional cooperative business organizations, plus 32 state councils of farmer cooperatives. These cooperatives in turn serve about 1.5 million farmer members throughout the United States. From the standpoint of fertilizer production and marketing, farmer cooperatives supply approximately 31% of the domestic market.

There is no question that there is a shortage of nitrogen and phosphate supplies in the United States. The National Council feels that recent reports by USDA should be considered as minimum estimates and that higher shortages estimated by The Fertilizer Institute more nearly reflect market conditions through 1974.

The National Council of Farmer Cooperatives considers the current fertilizer shortages so critical that if relief is not forthcoming food and fiber production will not meet government goals next year. The problem is that while avowed government policy is to maximize food and fiber production,

some agencies of the Federal government are following policies that retard production.

Naturally the National Council is not suggesting that all of the problems of the fertilizer industry are the fault of the Federal government. Admittedly, the cyclical nature of the industry, coupled with low profit margins, discourage entry of new producers. During the past four years, at least eight major fertilizer marketing companies have partially or completely withdrawn from the market. The high capital requirements and low returns on investments are not looked upon with favor by investor-oriented companies.

Cooperatives, by definition, are low margin, service oriented corporations. As such, they have not been as adversely affected by this aspect of the industry. As long as cooperatives receive sufficient return to justify continued capital investments, they will continue to be a viable force in the fertilizer market. Farmer cooperatives currently have under consideration plans that, if fully implemented, would require an additional capital investment of one-half to three-quarters of a billion dollars over a period of several years. These investments are designed to improve cooperatives' capabilities to supply farmer members with additional fertilizer.

Since this hearing is before a subcommittee of the Senate Agriculture Committee, the National Council of Farmer Cooperatives will therefore concentrate on issues facing the fertilizer industry over which the government can have significant influence. These issues can be divided into three categories—transportation, fuel, and price and export controls.

TRANSPORTATION

Transportation systems are becoming much more expensive. Railroads are pushing to abandon branch lines, while barge lines are increasing their rates drastically. Trucking is playing an increasingly important role in the distribution of fertilizer.

The National Council is on record supporting legislation that would eliminate "minimum" rate charges while retaining "maximum" rates. This action would improve competition among various modes of transportation.

The Council also supports legislation that establishes revolving loan guarantees for the purchase of additional rolling stock. In particular, this would help railroads meet peak fertilizer shipping periods so as to improve the distribution of plant food.

The cooperative response to this transportation logjam has been to compensate for current weaknesses in the system. Two cooperatives recently announced joint purchase of 100 railroad cars to improve fertilizer and grain shipments during peak periods. In addition, several cooperatives are engaged in a transportation study of fertilizer and grain movements that may result in the cooperative ownership of a barge company.

It is particularly important to note that these investments are capital investments by cooperatives in an adequate transportation system, rather than direct investments designed to increase the production of fertilizer. In other words, due to circumstances beyond cooperatives' control, many capital investments in fertilizer are in related activities such as transportation that do not in themselves increase supplies of sorely needed plant food.

EXPORTS AND PRICE CONTROLS

Farmer cooperatives are unique in the fertilizer industry because it is not their policy to export fertilizers during periods of short supply, except in specific situations where full inventories might close a plant unless outside sales were made. Therefore during the past two years, regardless of international price advantages, cooperatives have restricted their major fertilizer supplies to the American farmer.

There is no question that prior pricing policies of the Cost of Living Council hurt the domestic supplies of fertilizer. The National Council estimates that due to additional increased exports over the past two years, farmer supplies of phosphates were reduced by 10% and nitrogen by 3%. As a result, the National Council supported the lifting of price controls by the Cost of Living Council.

Selfishly, farmer cooperatives could have supported export controls which would have had almost no effect on cooperatives' production and supply of fertilizer. At the same time, export controls would have increased domestic supplies while retaining moderate fertilizer prices. However, the National Council concluded that this would not have the desirable effect of increasing the fertilizer production capabilities of investor-oriented companies, which account for 65–70% of the current market. In addition, export controls would have cost the United States internationally in terms of prestige and reliability.

As a result of continued price increases and shortages, the National Council strongly urges the Subcommittee to carefully examine current commitments for both increased domestic supply of fertilizer and capital investments to expand production of fertilizer. If the Subcommittee is not satisfied with the progress being made on both fronts, the Council strongly urges a thorough reexamination of government policy as it relates to both domestic fertilizer prices and export controls.

FUEL

A. Middle distillates and residual

The Federal Energy Office mandatory allocation program provides that end users in both categories qualifying as "agricultural production" are to be supplied at 100% of current needs. The National Council believes this includes domestic fertilizer production and marketing. Serious shortages in either or both of these categories could spell doom for both plant food production and marketing.

The National Council feels the Subcommittee should be aware that the regulations as interpreted by the Federal Energy Office will not guarantee agricultural production will receive 100% of its current energy needs. The problem is that while the regulations provide that the qualifying end user will receive 100% of his current needs, they do not guarantee that the end user's supplier will be able to obtain that fuel.

If a supplier's allocation fraction is less than one, the end user qualifying under agricultural production will be limited to the supplier's allocation fraction of the end user's certified needs. Since there are shortages, it is safe to assume that most suppliers' allocation fraction will be less than one. Thus, in most cases, agricultural production will be limited to a portion of current needs rather than 100% as widely assumed.

B. Natural gas

Of all the uses of fossil fuels, the only one to enter the food chain directly is the use of natural gas as a hydrocarbon building block for anhydrous ammonia and urea. An average of 36,000 to 40,000 cubic feet of gas is needed to produce one ton of ammonia.

Since anhydrous ammonia is the major source of nitrogen and since there are no domestic economic alternatives to the use of natural gas for ammonia production, our nitrogen industry is totally dependent on adequate supplies of natural gas. Much of our food production depends heavily on nitrogen supplies, of which fertilizer nitrogen from natural gas is a major component.

Farmer cooperatives have encountered difficulties in obtaining necessary domestic commitments for natural gas supplies to expand anhydrous ammonia production. A new fertilizer plant addition to the cooperative system will be built in Canada primarily for this reason. In fact, cooperatives continue to explore the desirability of various foreign site locations for expansion of fertilizer production. In addition, cooperatives are also attempting to import foreign-produced fertilizer to meet domestic demand. This year over $10 million has been budgeted for that purpose.

Much of the problem of natural gas supplies can be traced to a 1954 Supreme Court decision that gave the Federal Power Commission the authority to regulate interstate gas rates. Since that time, wildcat drilling for natural gas, a good measure of industrial activity, has declined from a high of 16,000 wells in 1956 to 7–8,000 between 1971 and 1973. In addition, since 1968, domestic natural gas is being consumed at a faster rate than reserves are being discovered.

The unrealistic rate structure of natural gas also has the undesirable effect of reducing supplies available to historical users (fertilizer industry) by encouraging its use for economy reasons by increasingly significant numbers of non-historical users. For example, the use of natural gas by an electric utility to produce electrity to be used for heating purposes uses three times as many B.T.U.'s as providing the same natural gas directly to the end user for heating purposes.

The National Council would also like to comment briefly on the fact that 22% of ammonia producers have contracts with gas suppliers that have an interruptible clause. This means that if higher priority users' needs are not met, gas suppliers can temporarily be halted. During the past three years, because of increasing shortages of natural gas, these interruptions have increased—thus decreasing production of anhydrous ammonia. The Federal Power Commission places these contracts in priority category 8. The National Council believes that because of the importance of nitrogen in crop production, all ammonia producers should be placed in priority category 2.

CONCLUSION

In summary, the National Council pledges that farmer cooperatives will do all in their power to increase fertilizer production and distribution, consistent with domestic needs and cooperatives' financial capabilities. In return, cooperatives request that fertilizer production be placed in a high national priority and that all agencies of the Federal government coordinate their efforts to assist the fertilizer industry in achieving maximum production.

LIVESTOCK NUTRIENT PRODUCTION—DICALCIUM PHOSPHATE SHORTAGE CONFIRMED

(By Donna Russell)

CHICAGO, February 26.—"There is a distinct possibility U.S. livestock production will be cut back" in 1974 because of an acute shortage of feed grade phosphorus, Lee Boyd, nutritionist for the American Feed Manufacturers Association, told CNS Monday.

In 1974 U.S. livestock producers will need 1.6 million tons of feed-grade phosphorus, primarily as dicalcium phosphate or defluorinated phosphate, but will receive only about 1.3 million tons. The mineral is essential to the nutrition of swine, beef cattle, poultry and dairy animals, especially the young and breeders.

Boyd explained that the 3 to 4 month old 20 percent shortage can hamper feed conversion efficiency, bone development, and reproductive capacity, making livestock production, especially with today's high grain prices, uneconomical. "Farmers will realize they are better off not producing an animal if they know they can't produce it economically," he said.

Causes of the shortage, which is worldwide, are many and include: feed industry competition with the similarly tight fertilizer industry for integral phosphoric acid; lack

of natural gas at major plants in Florida; impact on the industry of earlier price controls—lack of expansion and diversion of supplies to more lucrative foreign markets; currency fluctuations which also boosted exports; environmental restrictions on phosphate rock mining in Florida; an earlier strike of one of the major producers; and transportation difficulties.

The solutions, according to industry sources, are few and even if they are undertaken immediately, consensus is that the shortfall will last through the first quarter of 1975, with implications through diminished breeding capacity possibly continuing another 2 years.

Specific problems tackled by the feed industry are:

Natural gas shortage: The American Feed Manufacturers Associations and other trade bodies met this week with the Agricultural Department to present "An affidavit documenting that phosphorus is absolutely essential element in animal feeding which has no substitute." Boyd said the AFMA found the USDA willing to present the industry's case to the Federal Power Commission which must then rule on improving the phosphate industry's priority for natural gas.

Many Florida production plants are on interruptible contracts and have been forced onto fuel oil during cold snaps in adjacent northern states. The switch from gas to oil's lower heating capacity also lowers productive capacity between 15 and 30 percent.

Phosphoric acid shortage: An appeal to the acid industry to divert just 75,000 tons away from the fertilizer industry in 1974 came out of a recent phosphate forum in Iowa.

Marvin Vinsand, executive vice president of the National Feed Ingredients Association explained, however, the feed industry accounts for just 4 to 5 percent of acid consumption. With the fertilizer industry and foreign buyers outbidding such small consumers, he said, it is no wonder feed men have trouble obtaining the catalyst and ingredient.

In addition, feed-grade phosphoric acid requires more time-consuming and costly refining than does fertilizer-grade, another impetus for acid refiners to favor fertilizer customers.

Trade sources agreed, however, that readjustments of distribution are best left to industry, not to government. Aside from improved energy priorities, Vinsand said, "We will probably be far better off working this out without government intervention such as embargoes and price controls. We need the sympathy and support of Congressmen, but I get a little concerned at government intervention because many times it is misinformed. Industry can handle the situation more swiftly and efficiently."

Commercial feed mixers, livestock nutritionists, and livestock producers have already begun to make adjustments to the situation. Depending on the class of livestock, various avenues provide optimum use of the minimal supplies.

In general, sources agreed, the best choice is to lower the phosphate level to minimum but adequate levels. Many agreed that farmers had been overfeeding minerals "as insurance" by as much as 10 pct. Much of this had been as a free choice, concentrated mix put out in addition to the phosphorus added to grain or protein rations.

Many commercial feed mixers have eliminated sale of such concentrates, choosing to use the available supply of phosphates in their higher volume, essential feed mixes.

Although there are no substitutes for phosphorus, there are some less efficient alternate sources: steamed bone meal, tankage, fishmeal, and bran for dairy cattle. All are, however, in short supply and consequently expensive.

Whether eliminating the "insurance margin" or turning to alternative sources will allow livestockmen to "squeak through" the year's shortage depends on the type of livestock they produce, sources said. Individual types have different requirements:

Beef: Breeding cows and young animals in beef cow herds require supplementary phosphorus, especially when on mature roughages lacking minerals. Lack of phosphorus is related to infertility, according to a University of Illinois beef cattle nutritionist.

Although a mineral lack in the mother will not hamper a fetus' development, the cow's metabolism will draw deficient elements from her skeleton, putting her in such poor condition she may fail to breed during next heat.

Feedlot animals when young and growing need supplements, but older animals on finishing rations do not necessarily require phosphate additives.

He added the shortage will probably not cause farmers to cut herd or feedlot numbers, but the problem, combined with high corn and soybean meal prices, will probably curtail expansion. Exceptions include those farmers who supplement grain farming with modest livestock operations. Many, the Illinois source said, are opting out of the expensive and time-consuming livestock business in preference for increasingly lucrative grain sales only.

Dairy: "The situation is critical as far as milking cattle are concerned, and has been for the last 3 to 4 months," a U. of I. dairy nutritionist told CNS.

Although the shortage will affect milk production immediately, "more importantly it will reduce fertility levels and cause other broader metabolic disorders that may lead to diseases such as milk fever," he said.

Such additional problems in an industry which has already suffered high attrition from high feed costs and an unprofitable milk/meat ratio, will no doubt encourage early "retirement" by many corn belt dairy farmers, he added.

Swine: The bone building mineral is more important to pregnant and lactating sows and to their young than to beef cattle at similar stages, a Purdue nutritionist told CNS, because the ruminant capacity of cattle makes their use of plant phosphorus more effective.

Structural soundness, reproductive ability, and efficiency of rate of gain in swine will all be affected if phosphorus rations fall below minimum requirements.

Poultry: Phosphorus is needed by replacement pullets and growing broilers, but is most essential in layers. Although there is virtually no phosphorus in egg shells, producing eggs removes calcium from the skeleton of the birds which simultaneously releases bone phosphorus into their excretory systems. Both must be replaced daily.

All sources agreed that the shortage did not portend a move away from soybean meal as a protein supplement. No other plant protein source, such as cotton seed meal, provided more nutritionally available phosphorus. All interviewed will be participants in a phosphate conference Wednesday, Feb. 27, at Purdue University.

Mr. CURTIS. Mr. President, would the distinguished Senator from South Dakota yield?

Mr. McGOVERN. I yield to the Senator from Nebraska.

Mr. CURTIS. Mr. President, I rise to give my wholehearted support to Senate Resolution 289. As has been indicated, this measure is cosponsored by the entire membership of the Committee on Agriculture and Forestry. Perhaps because of our membership on this committee, we have been made quite aware of the situation facing American farmers as a result of price controls and increased acreage being placed under cultivation.

These two items are at the root of the fertilizer shortage which is now upon us.

Price controls in this country resulted in huge outflows of fertilizer to other countries last year when it could have been purchased and stockpiled by domestic producers for use during 1974. Second, the worldwide food shortage has resulted in this Government asking American farmers to produce the maximum capacity in 1974. This means that a decreased supply of fertilizer will be available for an increased acreage.

A new marketing strategy by manufacturers, necessitated by this shortage, has resulted in many fertilizer dealers being left without supplies to serve their traditional customers. This means that farmers who have been buying from these now defunct dealers will not even get a partial allocation unless some action is taken.

It is the hope of those of us who are sponsoring this resolution that the actions proposed therein will be taken immediately and will result in increased supplies for 1974 and better distribution of the supplies which are available.

Mr. President, I support this resolution very strongly. The need for fertilizer is of vital concern to everyone in the United States because the amount of fertilizer available is going to determine how much food is produced. The amount of fertilizer available for foreign countries will have a great impact on their production.

Consequently, any energy that is needed to produce fertilizer that is not made available will result in a scarcity of agricultural products and will contribute to the worldwide starvation problem, and starvation will exist in some places. It will also definitely contribute to higher food prices.

It is of vital importance that further steps be taken to make the fertilizer available.

Mr. President, I support the resolution of which the distinguished Senator from South Dakota is the principal sponsor.

Mr. McGOVERN. Mr. President, I thank the Senator from Nebraska.

I would like to repeat, while the Senator from Nebraska is still on the floor, that it is the subcommittee's intention to schedule additional hearings on the fertilizer situation in the Midwest on March 8. We are planning to hold these hearings in Omaha, Nebr. I am hopeful that the testimony we take in the field will be helpful in shedding more light on the urgency of this matter.

Mr. GRIFFIN. Mr. President, I wish to register my strong support for this resolution and I wish to commend the Committee on Agriculture for bringing it to the floor.

I am keenly conscious of the severe shortage of fertilizer in the State of Michigan. My State is and has been one of the most important producers in terms of agricultural products. But unless we get more fertilizer quickly, the level of production is bound to fall sharply.

I call on the various agencies of the Federal Government to which the reso-

lution is addressed to respond positively to this appeal for action. The fertilizer crisis is real; it is very serious; and it must be dealt with effectively.

Mr. CLARK. Mr. President, as the distinguished Senator from South Dakota has indicated, the Senate Committee on Agriculture and Forestry unanimously reported this resolution. Since that time, it has come to our attention that livestock feeds are affected in much the same way as fertilizer. It depends upon nitrogen and particularly natural gas.

Mr. President, I send an unprinted amendment to the desk and ask that it be stated.

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

The legislative clerk read as follows:

On page 3, line 1, strike the word "nitrogen" and insert in lieu thereof the following: "synthetic anhydrous ammonia and defluorinated phosphate".

On page 3, line 14, strike the word "and" at the end thereof.

On page 3, line 23, strike the period and insert a semicolon and the word "and" in lieu thereof, and add the following new paragraph:

"(6) The manufacturers of phosphoric acid give the highest priority to supplying such material to producers of dicalcium phosphate, which ingredient is essential to the proper growth of livestock and poultry."

Mr. CLARK. Mr. President, the purpose of the amendment is simply to add livestock feed to fertilizer in the original resolution to insure that the producers of defluorinated phosphate and dicalcium phosphate receive sufficient supplies of natural gas and phosphoric acid to achieve maximum production of these feed ingredients so essential to growth and production of livestock and poultry and adequate and economical supplies of milk, meat, and eggs.

Available production of phosphorus for use in livestock and poultry feeds during 1974 probably will be below requirements if corrective action is not taken. The available prospective supply of such materials in 1974 is 1.3 million tons, while requirements will be about 1.6 million tons. Unless a special effort is made to eliminate this 300,000-ton shortfall, food production this year will be reduced and prices will rise.

All animals require phosphorus. It is essential for growth, production and reproduction.

Hogs normally mature for slaughter in 6 months, but without adequate phosphate in the diet, they will require 8 to 10 months to reach the same stage of development.

Caged laying hens use phosphorus to build eggs and egg shells even if it must be extracted from their own bones. The early symptom of phosphorus deficiency in laying hens is a drastic drop in production, followed by collapsed bones, and eventually death.

A cow producing milk also includes phosphorus in production at the expense of its own skeletal and reproductive needs.

Like hogs, beef cattle will be slow getting to market and take comparably more grain and protein to gain the same weight.

The principal sources of feed phosphate are dicalcium phosphate and defluorinated phosphate rock. Production of dicalcium phosphate is dependent upon the availability of phosphoric acid which, in turn, is dependent on a supply of natural gas, the energy most efficient for production. It is a material also used in manufacturing high analysis phosphate fertilizers.

With the current heavy demand for phosphate fertilizers, manufacturers have not been able to meet both fertilizer and feed grade phosphate demands. Although phosphate for fertilizer and feed have a common origin, fluorine first must be removed to convert it to feed grade phosphate quality because animals are sensitive to fluorine. While recognizing that we are faced with shortages in both cases, it is imperative that more feed grade material be made available to provide adequate supplies of food.

Many farmers have been supplying fairly liberal amounts of phosphate fertilizer over the past several years, resulting in a buildup of phosphate reserves in the soil. So some shortage of phosphate fertilizer might not be disastrous this year if there is no alternative. But with increased supplies of natural gas, the phosphate industry can and will accommodate both needs.

To complicate the problem, other minor sources of phosphorus such as fishmeal are in short supply while the demand for meat, milk, and eggs is at an all-time high. This amendment to Senate Resolution 289 asks fertilizer manufacturers to make greater amounts of phosphoric acid available to dicalcium phosphate producers as soon as possible. It also asks that the Federal Power Commission—and appropriate State regulatory agencies—give the highest priority to producers of dicalcium phosphate and defluorinated phosphate in the allocation of natural gas supplies—along with the producers of nitrogen products for feed and fertilizer use.

One of the major producers of defluorinated phosphate is now losing about 20,000 tons of productive capacity a year because of recent rulings by the Federal Power Commission on natural gas. While this producer is being allocated all the natural gas required to operate two production units, only 50 percent of the natural gas requirements with respect to his other seven units is being provided. While fuel oil can and is being used to meet the full requirements of the other seven units, it is being done with a loss of 40 percent in productive efficiency.

If other practical sources of domestic phosphorus were available to U.S. livestock and poultry producers, we might be able to live with some loss of productive efficiency to conserve energy.

But this, too, is false economy. Since the production facilities are built to utilize natural gas for energy with fuel oil, they require about half again as many Btu's to produce an equivalent amount of product as they do with natural gas. This country is faced with a shortage of all types of energy, so it's important to assign priorities for the available energy according to their most efficient use to accommodate the food needs of the people.

The Federal Power Commission should give feed phosphate producers the same high priority that we are asking them to give the producers of feed and fertilizer nitrogen products.

Mr. President, unless something is done, and very soon, to meet the feed needs of animal producers and fertilizer needs of grain farmers, American consumers can look forward not only to much higher food prices—but major shortages in the near future.

We can help avoid or minimize such developments by approving this amendment and Senate Resolution 289.

Mr. McGOVERN. Mr. President, the amendment is entirely acceptable to me, and I am confident that it will be acceptable to the other members of the committee. As a matter of fact, it was through oversight in drafting the resolution that the provision was omitted in committee.

The Senator from Iowa knows that we did discuss the question of making more of these essential feed ingredients available for livestock and poultry production. So, I am quite happy to accept the amendment. I urge that the amendment be agreed to.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Iowa (putting the question).

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the resolution as amended. [Putting the question.]

The resolution (S. Res. 289) was agreed to.

The preamble was agreed to.

The resolution as amended, with its preamble, is as follows:

S. RES. 289

Resolution relating to the serious nature of the supply, demand, and price situation of fertilizer

Whereas a substantial amount of the 1974–75 food and fiber supply for the world and the United States is either planted or about to be planted; and

Whereas nearly 30 per centum of the production of food and fiber in the United States is directly attributable to the application of fertilizer; and

Whereas the 1974 agricultural production goals of the United States cannot be achieved unless sufficient quantities of fertilizer are made available; and

Whereas the current productive capacity of the Nation's fertilizer industry is insufficient to meet existing and future demands; and

Whereas some of the current productive capacity of the Nation's fertilizer industry is being unrealized due to limited availabilities of natural gas and other liquid and middle-distillate fuels; and

Whereas these factors are contributing to a supply of fertilizers this year short of what farmers want and need for application on increased acreage; and

Whereas such shortages are not only limiting the farmers' ability to produce food and fiber in 1974 at maxmimum levels, but also are contributing to further escalation of prices paid by farmers for fertilizer: Now, therefore, be it

Resolved, That it is hereby declared to be the sense of the Senate that—

(1) All agencies of the Federal Government, which have any responsibility for establishing priorities for the allocation of materials and facilities utilized in the production or distribution of fertilizer, give the highest priority to the fertilizer industry regarding the allocation of such materials and facilities. The fertilizer industry, in turn, is urged to do its utmost in making these essential fertilized supplies available to farmers in a timely and equitable manner, and at reasonable price levels;

(2) The Federal Power Commission and appropriate State regulatory agencies do everything within their power, in the establishment of priorities for the allocation of natural gas (including gas sold under interruptible contracts), to insure producers of "synthetic anhydrous ammonia and defluorinated phosphate" with supplies of natural gas sufficient to maintain maximum production levels;

(3) The Federal Energy Office include all of the energy and fuel requirements of the fertilizer industry—including local dealer requirements—in its highest priority category regarding allocation of gasoline, middle-distillates, and other liquid fuels utilized by this industry in the production, distribution, and application of fertilizer supplies;

(4) The Cost of Living Council and the Departments of Agriculture and Commerce continue their monitoring and reporting of fertilizer supply availabilities, wholesale and retail prices, and export shipments;

(5) The Cost of Living Council establish an investigatory program through the field offices of the Internal Revenue Service to monitor and analyze any reports of fertilizer price gouging at either wholesale or retail levels, and any changes in manufacturer marketing operations or relationships between manufacturers and local dealers and between local dealers and their customers which may affect continued availability or pricing of fertilizer supplies to farmers; and

(6) The manufacturers of phosphoric acid give the highest priority to supplying such material to producers of dicalcium phosphate, which ingredient is essential to the proper growth of livestock and poultry.

Mr. McGOVERN. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. SPARKMAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate resumed the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. JAVITS. What is the pending business?

The ACTING PRESIDENT pro tempore. The pending business is S. 2705.

Mr. JAVITS. Mr. President, if I may be recognized in that connection, I think that however this thing goes, it now looks as though it would take some days to complete. The Senate should be apprised of the reason for my opposition to the bill and that of my colleague from New York (Mr. BUCKLEY) and other Senators.

In the first place, let it be noted that no hearings were ever held on this bill. We asked for hearings. I did that in a letter to the chairman of the committee on November 1, 1973, but no hearings were held.

We pointed out at that time that the matter deserved hearings as a matter not at all free of complexity, and involving considerable doubt.

Thereafter, the bill was simply reported out of the committee, apparently without dissent; under what circumstances I do not know, nor how much thought the committee gave to it, but I must assume that this was a considered judgment. Then it appeared on the floor. I asked to be heard in respect to it, and the matter was continued until now, which has been the first opportunity for all of us to really get into it.

I had hoped that some ad hoc disposition of the matter could be worked out. That was attractive, apparently, to us from New York and to others who were involved in the controversy, but not agreeable to the Senator from Texas; hence the matter now comes before the Senate for ultimate decision.

Here is the situation: The bill involves two points, with one of which I have no difference whatever, and with the other of which I sharply disagree.

The first point is that hereafter, beginning as of January 1, 1974, which is a prospective date as far as the reporting out of the bill is concerned, the escheat of instruments like money orders, traveler's checks, and similar instruments shall be determined by the following procedures: That when the escheat becomes effective according to the laws of the State which affect that particular determination, in the first instance, if there is any recorded address of the person who bought the money order or the traveler's check in the books of the debtor or the issuer, then, of course, it will escheat to that State, according to its laws. If, on the other hand, as seems to be the practice in many cases, especially with traveler's checks and money orders, there is no address, then it shall escheat to the State in which the instrument is purchased; that is the thrust of the bill. But if there is no record of where it was purchased, or if the State where it was purchased has no escheat laws, then it escheats to the State of the principal place of business of the debtor, to wit, the issuing company, with the right in the State where the purchase was made to reclaim the money if it does later pass an escheat law.

So far, so good. That will establish a satisfactory procedure as of January 1, 1974, which was the prospective date of the application of the bill, and to that extent it is probably a way in which to dispose of this matter if that is the will of the Senate, the House, and the conference committee, and that would be the end of that.

But the committee is not content with that. The committee went back, ex post facto, to a date in 1965, to wit February 1, 1965, and applied this same rule to everything which had taken place for almost the last 10 years.

Now, there is no justification whatever in the committee report or in anything that I have heard or seen for that, except just the fact that the committee believes that the States which will benefit from a continuance of the rule which has been the rule up to now are so many fewer than the States which will benefit by retroactivity, that naked power will be applied to make them do it.

That is the real issue. We might as well call a spade a spade. The theory is that they have got more votes than the States which have justice on their side, and that therefore they will be made to disgorge.

Mr. President, I have argued this many times. It may seem odd to the Senate that I or my colleague (Mr. BUCKLEY) would take up the cudgels in a matter which may involve $2 million. We believe the total amount which could possibly be involved is no more than $4 million. But, Mr. President, that seems to be the way in which these things go most of the time, though not all the time, and I think it is really high time to call this issue what it is, and to fight it for what it is. Are we the legislature of the Nation, expressing its conscience, or are we simply individual States which, when it suits them, obey the law, and when it does not suit them pass a retroactive law to cancel it out? Because the law up to now, according to two Supreme Court decisions, one made in 1965 and one made as recently as 1972, has provided that where the address of the purchaser of the money order or traveler's check was not available, and there was escheat, there would be escheat to the State in which the issuing company had its principal place of business.

Now that is being changed by this law. Prospectively, all right; but it is also being changed retroactively, going back to 1965. The theory is that small States which do not have big financial institutions in them will get aboard in this fashion. But, Mr. President, these kinds of actions have a way of coming back to torment their tormentors, and I think it is very, very bad practice in a democracy to utilize naked power for the purpose of imposing injustice and inequity.

For 10 years the law of the United States has been the law as I have described it, according to these two Supreme Court cases; and, indeed, the committee itself recognizes that, because it is compelled to say something which is a departure from its own findings. It is compelled to say that where the money has already been paid to any State, it is not subject to the retroactivity provision of this bill.

There is no reason why the committee should say that if they wanted to be completely consistent. The States are perfectly good for the money, and they could have authorized suit by State A against State B in order to recover whatever had been paid up to now. But they did not do that. They excepted that particular kind of payment, thus, it seems to me, acknowledging the inequity of this retroactivity.

Mr. President, in the first place, if we pass such a statute it may not even be constitutional. It may very well be seeking to take property without due process of law. But quite apart from the consti-

tutional question—and my colleague, Senator BUCKLEY, advises me that he proposes to argue that issue—this is not a major bill, by any means. The Senator from Alabama (Mr. SPARKMAN) was extremely courteous in accommodating me, when I could not have it considered on a given day—I was engaged in something else—and it may take a little while—it may take a few days, whatever time it may take to have Members understand exactly what this is about. But the principle is critically important to all of us.

The question really is, Will we act in these matters on the basis of equity and justice, or will we act in these matters on the basis of naked power—one State against the other?

I have little doubt, if we toted up the number of States which have some minor interest in this, it will be a great deal, but they would get something out of retroactivity, put back 10 years—which incidentally, is an amazing period—but if they get something out of it, that is the only criterion by which their particular Senators will judge ond then we will go down to defeat, in due course, whenever the vote comes, so that I would hope the Senate could be aroused to a higher standard and a better standard. This is a clear case in point.

I would hope very much that Senators will consider carefully the Supreme Court decisions which I would hope to see go into the RECORD, the legal analyses made by the attorney general of the State of New York—who, incidentally, won the last case, which was the case of Pennsylvania against New York in 1972—won it exactly on the grounds I am now stating and that therefore the Senate may, hopefully, rule as a matter of equity and justice, rather than by naked power.

I should like to point out that the committee kisses off the 10-year retroactivity in one sentence, as follows:

> The act is applicable to sums payable on the various instruments deemed abandoned on or after February 1, 1965, except to such sums which have already been paid to a State prior to the date of enactment.

That is all. No explanation of any kind or character. Then it goes on, in the next sentence:

> Thus, the legislation resolves existing and prospective conflicting claims by assuring that every State where such an instrument was sold has the opportunity to escheat or take custody of the proceeds of that instrument.

What is going to be sought to be done here—I say, it already is—will be to say, well, there are arguments among the States on this particular question and therefore we use it to the existing claims. What we are trying to do is to settle the claims by retroactivity for 10 years back. That reminds me, as I used to be a bill collector when I was a law clerk, working my way through law school, that they would always concoct some reason why they were not paying the bill. But when we face the court, reason flies out the window and there are no existing claims. There are no existing claims because the Highest Court of the land has laid down the law. So if we simply went out and did not pay, it was just the fact that we were defying the law, that we did not want to pay—not the existing controverted claim.

So it seems to me that this excuse that there are existing claims is nothing but the same kind of excuse, as I say, when any debtor does not want to pay a bill, he can always concoct the reason why he does not want to pay it, until he faces the music and then reason is gone. It is the same in this case.

If the Senate of the United States will exercise its judicial posture, because it has to decide in this case as to not only what will be the rule—I am not arguing about that—the rule which will be laid down is OK and my State says it is OK—but what I am arguing about is the 10-year retroactivity where, through the application of naked power, an effort will be made to reverse two Supreme Court decisions which took place within that 10-year span, under some theory which is not, in my judgment, even tolerable, that there are existing, conflicting claims which, I respectfully submit, there are not, because there is no reason for any claim when the Highest Court of the land has so clearly laid down the law.

It is for those reasons, Mr. President, because the quest for justice is always an arduous one, that we must undertake a vigorous defense enough to inform the Members of the Senate who, I am sure, in the main, are not at all informed on this piece of legislation—as to what it is all about. I would like to tell my friends and colleagues and especially the Senator from Texas who has taken up the cudgels for this matter actively, that so far as I am concerned, I will do my utmost to see that we do not vote today because I have seen this business of coming in the door with what seems to be a routine bill and simply voting with the committee.

At the very least, Members should have the opportunity to read the RECORD overnight, or to have their assistants read the RECORD, to see what is really at stake and adjudge their own consciences. So they should today in a matter of this kind.

Mr. TOWER. Mr. President, my distinguished colleague from New York argues his case very well, as is always the case. I suppose there is probably no better intellect in the Senate, no one more formidable in debate than my distinguished friend from New York.

However, I would be remiss if I allowed the impression to be left, as a result of my failure to respond, that I and my other colleagues who are supporting the bill are consciously and wittingly using naked power to perpetrate an injustice.

That is not the intent of the committee. I do not know how many votes we have on this side of the issue. I rather suspect we have an overwhelming number of votes.

I really find some amusement, however, that I am being accused of the use of naked power in the Senate. I never realized that I was capable of using naked power. Perhaps I should be tempted to try to refute it. But, lest our motives be misunderstood, let me simply read the first paragraph of the committee report:

> S. 2705 is designed to assure a more equitable distribution among the various States of the proceeds of abandoned money orders, travelers checks or other similar written instruments on which a banking organization, other financial institution, or other business organization, is directly liable through its having sold said instrument. Enactment of this legislation will equitably resolve a long-standing and much litigated conflict between the various States as to which State is entitled to the proceeds of the subject instruments.

Mr. President, I know that justice and equity are not always compatible with each other, but certainly our motives cannot be questioned when we seek equitable treatment for all the States with the passage of this measure.

I might point out that the reason for the—not 10 but 9-year retroactivity is that there will not be a hiatus in that period from the rendering of the decision in the case of Texas against New Jersey and the present time.

This, to my mind, is an orderly way to legislate. I do not think it is inconsistent with previous legislative doctrines which have been implemented in this Chamber before.

Therefore, Mr. President, I would urge adoption of this measure. So far, there has not been an amendment presented to it. If there is, we will deal with that amendment and we will debate it in due course as it, or they, may be presented.

Mr. President, I am reasonably sure that the gentlemen from New York do not want to go to third reading at this time, so I will suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. WILLIAM L. SCOTT). The clerk will call the roll.

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

Mr. BUCKLEY. Mr. President, I also rise in opposition to the retroactive effect of the pending measure. I subscribe entirely to the views expressed by the distinguished senior Senator from New York (Mr. JAVITS).

I think we are clearly faced here not merely with a decision by Congress on the recommendation of the Committee on Banking, Housing and Urban Affairs to revise the existing law, but by attempting to make the revision retroactive to 1965, its effect is discriminatory. It is an act of discrimination against New York and other large commercial States by smaller States, those not involved, in a manner which I think does not lend credit to the kind of deliberations we ought to expect of this body.

It seems to me, as Senator JAVITS has expressed it, that we should recognize that we are a national body and not a coalition of competing factions. We should be guided by reason; we should be guided by equity; we should be guided by fairplay.

The specific point I wish to make with respect to the proposed legislation is not

only that the retroactive aspects are unfair but also that they are unconstitutional, and I believe they are clearly unconstitutional.

The committee report talks about existing claims as if there were any real doubt as to which State has the right of escheat in light of two Supreme Court decisions. But even if there were any controversy as to the facts, the law being clear, it seems to me entirely inappropriate for this body to attempt to adjudicate any such conflict by legislative fiat rather than allowing the judicial process to run its course in accordance with the applicable law—the law that is applicable as of the time in which these theoretical competing claims came into existence. I believe it is quite clear, under the specific, unambiguous language of the Supreme Court decisions, and I will read it:

> We therefore hold that each item of property in question in this case is subject to escheat only by the State of the last known address of the creditor, as shown by the debtor's books and records."

It seems to me that it is absolutely clear, by virtue of that language, that property rights have vested when a State's law comes into effect affecting the papers held by the creditor. Then that State has a vested property right that this body does not have the power to ignore, nor the power to legislate out of existence.

Mr. President, I hope that the respect this body traditionally shows for the Constitution of the United States would cause this body to repudiate any attempt at retroactivity, the effect of which would be to dispossess cleary established, clearly vested property rights. I will therefore join the senior Senator from New York in spending enough time on this law to see to it that the Senate will in fact have the opportunity to acquaint itself with this obscure measure, to understand the issues, and then to arrive at a reasoned judgment as to the merits, and not allow itself to be blindly guided by the report and the recommendations of the committee. I believe that this is required not only in the interest of equity but also in the interest of sound practice, sound procedure, and a sound approach to the legislative process.

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

The PRESIDING OFFICER (Mr. McCLURE). The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

ORDER FOR ADJOURNMENT FROM THURSDAY TO 11 A.M. FRIDAY, MARCH 1

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business on tomorrow it stand in adjournment until the hour of 11 a.m. on Friday.

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

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant 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 (Mr. McCLURE). Without objection, it is so ordered.

THE DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, I would now like to trace from the Senate the legal history in this matter to which I referred in my opening remarks respecting the situation.

The cases which relate to these matters are two: The first one is that of Texas against New Jersey which was decided February 1, 1965; and the second, Pennsylvania against New York in which the present attorney general of New York was an active participant, decided June 19, 1972.

It is very informative to give these dates because, as a matter of fact, the bill before us proposes to impose retroactivity to February 1, 1965, the date of the decision in Texas against New Jersey, rather than if it had any retroactivity to June 19, 1972, which was the date of the decision of Pennsylvania against New York.

Yet, admittedly, it was the decision in Pennsylvania against New York which related to the instruments which are the prime object of the bill—to wit, money orders. The decision in Texas against New Jersey was on quite a different state of facts relating to small debts which were owed to small creditors who never appeared to collect from a company that was perfectly solvent in terms of its ability to pay. So that the state of facts which was settled by the cases is very much more pertinent in June 19, 1972, the Pennsylvania case is, than the state of facts in Texas against New Jersey.

Mr. President, this bears out my contention that the bill is simply designed to capture money, whatever it may amount to, by the exercise of what I think and what I call, quite properly, naked power as to the preponderance of voting in terms strictly of local interest in this Chamber, rather than having any logical basis in the cases or in the law, and is simply an effort by legislative fiat to nullify the decisions which have been entered—the decision which has the most relevance as to the facts being the decision Pennsylvania against New York, decided in 1972.

That is a very important point and I hope that Members will give it every consideration as they go over the RECORD and ascertain what they feel they should do.

Mr. President, here is the thrust of the cases and the basic facts upon which each of them is based.

In Texas against New Jersey, to which I have referred, the original jurisdiction under the Constitution was raised in an action by one State against another, in an endeavor to settle certain controversies as to which State had the jurisdiction to take title to certain abandoned intangible personal property through escheat. The property consisted, as I mentioned before, of various small debts which a given company, for periods of 7 to 40 years before the action was brought, owed to small creditors who never appeared to collect them. Most of the claims resulted from the failure of creditors to claim or cash checks, and most of the moneys were evidenced on the books of the debtor corporation as being located in the Texas offices or owing to persons whose last known address was in Texas.

Texas at that time insisted that this intangible property should be treated as situated in Texas, so as to permit the State to escheat it. New Jersey claimed the right to escheat because the corporation owing the debt was incorporated in New Jersey.

As an intervening claim to the other two, Pennsylvania claimed the power to escheat part or all of the same property, on the ground that the principal business office of the debtor corporation was in that State. The debtor corporation disclaimed any interest in the property and asked only to be protected from the possibility of double liability.

The Court went on to say that it had held in a previous case, Western Union against Pennsylvania, that the due process laws of the 14th amendment prevents more than one State from escheating a given item of property. So it took jurisdiction in this action brought by Texas and referred the case to a special master. Intervention was permitted on the part of another State—to wit, Florida—in that particular case. The report was filed, and this decision in Texas against New Jersey represented the disposition by the Court of the special master's report.

The Court found that it had always been the unquestioned rule in all jurisdictions that only the State in which property is located could escheat that property according to its laws. But the Court made a distinction between that kind of situation of tangible property and intangible property such as a debt, which the Court said a person is entitled to collect, and it said that this is not a physical matter which can be located on any map.

For example, it pointed out that the creditor may live in one State, the debtor in another, and matters may be further complicated if, as in the case before the Court, the debtor was a corporation with connections in many States, and each creditor may have had some connection with other creditors or other States where their present address—that is, the address of the creditor—was unknown.

The Court then went on to make the finding that, as the States separately are without constitutional power to provide a rule to settle this interstate controversy, and since there is no applicable Federal statute, it became the responsibility of the State, in the exercise of its

original jurisdiction, to adopt a rule which would settle the question of which State will be allowed to escheat this intangible property.

That bears rather importantly upon this particular bill, because it raises the very clear question: One, as to the applicability of the Federal statute; and two, as to the constitutionality of that Federal statute. I call that especially to the attention of the Senate because of the unlikelihood that this matter is ever going to be decided finally except in courts.

In the argument before the Court in that particular case, four different possible rules were urged upon the Court by the respective States which were parties to the case. Texas, for example, urged upon the Court the rules in its own State courts and said that the State with the most significant contacts with the debt should be allowed exclusive jurisdiction to escheat it; that by that claim, Texas had the best right, as these debts were on the books in the Texas subsidiaries of this particular corporation.

The Court, however, rejected that position, because it said that the rule that Texas proposes would serve only to leave in permanent turmoil a question which should be settled once and for all by a clear rule to govern all types of intangible obligations. The issue, therefore, the Court felt, is not whether a defendant had had sufficient contact with the State to make the defendant or his property rights subject to the jurisdiction of the courts of the State, and the Court pointed out that such a jurisdiction need not be exclusive, citing quite a few cases. The Court said that as this Court—that is, the Supreme Court—had held in Western Union against Pennsylvania that the same property cannot constitutionally be escheated by more than one State, the court felt that it had to decide which State's claim to escheat is superior to all others, and it rejected the so-called contacts approach as put forward by Texas.

The Court then said that the contacts test which it rejected was not really workable, as it is simply a suggestion that this Court—that is, the Supreme Court—examine the circumstances surrounding each particular item of property on its own particular facts and then make what the Court called a difficult and often quite a subjective decision as to which State's claims seem stronger than another's. The Court rejected that kind of idea. Under such a doctrine, said the Court, any State would easily convince itself that its claims should be given priority. This is shown, the Court felt, by the Texas argument that it had a superior claim to all the assets because either the last known address of the creditor was in Texas or these debts were on the Texas books.

The Court said that the uncertainty of any test which would require the Court, in effect, either to decide escheat cases on the basis of their particular facts as if each were a separate case or to devise new rules of law to apply to new categories of facts which are always developing might in the end create so much uncertainty and threaten so much expensive litigation that the States might find that they would lose more in litigation expense than they might gain out of these escheats.

That was one posture suggested to the Court and which the Court accepted; that is, the contacts with escheats, as urged by the State of Texas.

The State of New Jersey asked the Court to hold that the State with power to escheat is the domicile of the debtor and in that case it was New Jersey which was the State of incorporation of the debtor company.

That plan, the Court felt, had great virtues of clarity and ease of application. But it is not the only one which does, and, the Court said:

> It seems to us that in deciding a question upon which be determined primarily on principles of fairness, it would be to greatly exalt a minor factor to permit escheat of obligations incurred all over the country by the State in which the debtor happened to incorporate itself.

So the Court referred to the other alternatives suggested to it. It referred to the claim of Pennsylvania where the principal office of the debtor company was located, since, it said the State is probably foremost in giving the benefits of its economy and laws to the company whose business activities made the intangible property come into existence. On the other hand, the Court said, these debts owed by the particular corporation are not property to it but rather a liability, and it would be strange to convert a liability into an asset when the State decides to escheat.

Also, the Court felt the application of the rule Pennsylvania suggested would raise in every case the sometimes difficult question of where a company's "main office" or "principal place of business" or whatever it might be designated is located. Similar uncertainties would result if they attempted in each case to determine the State in which the debt was created and allow it to escheat. They said that any rule leaving so much for decision on a case-by-case basis should not be adopted unless none is available which is more certain and yet still fair. They said that the rule proposed by the master, based on the one suggested by Florida, is.

The rule suggested by Florida was that since a debt is the property of the creditor and not the debtor, fairness among the States requires that the right empowered to escheat the debts should be accorded to the State of the creditor's last known address as shown by the debtors books and records. That assumes that the creditor could not be found. The Court felt that kind of solution would be in line with one group of cases dealing with intangible property. The footnote tells us that this related to garnishment procedures in various cases were cited to support that thesis.

The Court felt adoption of the rules made by Florida involved only a simple factual issue and not a legal issue. The Court said it takes account of the fact that if a creditor instead of perhaps leaving behind an uncashed check had negotiated the check and left behind the cash, the State would have been the sole possible escheat claimant; in other words, the rule recognizes that the debt was an asset of the creditor.

Mr. SPARKMAN. Mr. President, will the Senator yield briefly?

Mr. JAVITS. Certainly. I yield.

VISIT TO THE SENATE BY MEMBERS OF THE WEST GERMAN BUNDESTAG

Mr. SPARKMAN. Mr. President, we are honored today to have three members of the German Bundestag with us. I wish to call attention to that fact and have it noted in the CONGRESSIONAL RECORD. I would like to ask that these gentlemen as I call their names in order that they may be recognized. They are Dr. Frank Haenschke, Christian Lenzer, and Klaus Hoffie.

We are delighted to have these gentlemen visit with us and to be present while this one-man debate is going on. This is an enjoyable occasion and we trust that you will come to visit us again.

Mr. TOWER. Mr. President, I ask unanimous consent that the Senate stand in recess for 2 minutes so that we may greet our fellow parliamentarians, with the understanding that the Senator from New York does not lose his right to the floor.

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

RECESS

Thereupon, at 3:27 p.m., the Senate took a recess until 3:29 p.m.

During the recess the members of the Bundestag were greeted by Members of the Senate.

On expiration of the recess, the Senate reassembled and was called to order by the Senator from Idaho (Mr. MCCLURE).

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. TOWER. Mr. President, I suggest the absence of a quorum, with the understanding that the Senator from New York does not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

CONVEYANCE OF CERTAIN LANDS IN IDAHO TO CITY OF COEUR D' ALENE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that there be an allocation of not to exceed 5 minutes for the purpose of considering Calendar No. 659, S. 2343.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill 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.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Interior and Insular Affairs with an amendment on page 1, at the beginning of line 3, strike out "That the fifth paragraph under the heading "SURVEYING THE PUBLIC LANDS" in the first section of the act entitled "An Act making appropriations for sundry civil expenses of the Government for the fiscal year ending June thirtieth, nineteen hundred and five, and for other purposes", approved April 28, 1904 (33 Stat. 485), is amended by deleting ", for the use of said municipality as a public park, and which shall be used for such purpose exclusively. The title of said land so detached is hereby vested in the town of Coeur d'Alene for the purposes above specified." and insert in lieu thereof a period and the following: "The title of said land so detached is hereby vested in the town of Coeur d'Alene.".

"SEC. 2. The Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land the title to which was initially vested in the town of Coeur d'Alene by the Act of April 28, 1904 (33 Stat. 485):" and insert "That notwithstanding the Act of April 28, 1904 (33 Stat. 485), the Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land: "; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the Act of April 28, 1904 (33 Stat. 485), the Secretary of the Interior is authorized and directed to convey, by quitclaim deed and without consideration, to the city of Coeur d'Alene, Idaho, all right, title, and interest of the United States in and to the following tract of land: A triangular shaped tract of land lying in the northeast corner of Government lot 48, section 14, township 50 north, range 4 W.B.M., Kootenai County, State of Idaho, bounded on the west by the Northwest Boulevard, and on the north by Garden Avenue.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. McCLURE. Mr. President, the pending business of the Senate is S. 2343, which would clear title to certain federally donated land in Coeur d'Alene, Idaho, which was originally to be used for park purposes but which was conveyed to a railroad in exchange for land owned by the railroad.

I am happy to say that the bill has the full approval of the Interior Department and the administration. However, some confusion has arisen as to the status of the land the city received from the railroad. A question has been raised as to whether this land is subject to the same use restriction—namely, that it be used exclusively for park purposes—as applies to the federally donated land. I am only too glad to make it crystal clear that the legislation presupposes the same use restriction on the land the city received from the railroad as applies to the land donated to the city by the Federal Government.

The PRESIDING OFFICER. The bill is open further to amendment. If there be no amendment 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, read the third time, and passed.

Mr. TOWER. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MANSFIELD. Mr. President, I yield back the remainder of my time and ask that the Senate resume the consideration of the pending business.

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

DISPOSITION OF ABANDONED MONEY ORDERS AND TRAVELER'S CHECKS

The Senate continued with the consideration of the bill (S. 2705) to provide for the disposition of abandoned money orders and traveler's checks.

Mr. JAVITS. Mr. President, I assume that we are still on the same pending business?

The PRESIDING OFFICER. The Senator from New York is correct.

Mr. JAVITS. Mr. President, I was engaged in analyzing the decision in Texas versus New Jersey, to which I have referred in my argument in chief with respect to this matter. I shall continue with my analysis.

The Court in that particular case adopted the concept, which was the so-called Florida concept, that where there was an address on the debtor's books and records, the escheat would go to the estate which had been the last known address as shown by the debtor's books and records. The Court pointed out that that was in accord with another line of decisions which it had adopted with respect to intangible property, and makes the issue of fact easy to resolve.

It recognizes that a debt is the estate of the creditor, in this case the person whose name and address is recorded, rather than the debtor. The rule recommended by the special master for the Court also, the Court felt, would tend to distribute the benefit of escheats among the States to the extent that addresses were ascertained in the proportion in which their residents carried on commercial activity, instead of carrying on a technical legal concept of residence and domicile, which always had been highly controversial in the law for the administration of the escheat laws, and that their application would be greatly simplified.

The Court, of course, understood that creditors might not necessarily be in the State to which their addresses attributed them, but the Court generally felt that to a large extent otherwise would cancel them out. On the whole, this is a more reliable guide than that proposed by the other States. The Court, therefore, held that where there is a last known address of the creditor on the books of the debtor, that would be the State that would be entitled to the escheat.

The question then arose as to what is to be done with property owed persons—that is, creditors—to whom there was no record of any address at all, or whose last known address was of a State which did not provide for escheat of the property which was owed to them.

So the findings of the Court were, first, as to the situation where there was no last known address: that the property was subject to escheat by the State of corporate domicile, provided that another State could escheat upon proof that the last known address of a creditor was within its borders.

Although not mentioned by the master for the courts, the Court felt that the same rule could apply to the second situation—that is where the State of the last known address does not provide for escheat of the property. In such a case, said the Court, the State of corporate domicile could escheat the property, subject to the right of the State of last known address to recover it if at any time it had a law relating to escheating. So, on both situations the State of corporate domicile should be allowed to cut off a claim of private persons only, retaining the property for itself only if some other State comes forward with proof that it has a superior right to escheat.

Such a solution for these problems, likely to arise with comparative infrequency, seems to us conducive to needed certainty, and we therefore adopt it.

The Court then went on to say that they realized that the resolution made of the case is not only controlled by statute or by constitutional provisions or by past decisions or one entirely of logic, but fundamentally it is one of ease of administration and of equity. They felt the rule to adopt was the fairest and the easiest to apply, and in the long run generally acceptable to all of the States. And they issued an order of the court accordingly.

The only dissenter to that decision in that particular case was Justice Stewart. He said that he thought that the power to escheat intangible property should be traditionally lodged in the domiciliary State of one of the parties in the obligation.

They said the domicile State of the debtor would control and that therefore the State of the debtor is entitled to the prime escheatment in terms of intangible property.

He felt that the previous cases on that score should not be overruled.

Now, for practical purposes, the position which Judge Stewart is referring to

is a very interesting one because it goes even more strongly against the position which is now taken by the committee.

However, the main decision of the Court is certainly an adequate exposition of the Court's point of view on that score and sufficient to cover the contentions which we are making here.

The other major decision—and I wish again to emphasize before I leave the decision in the Texas case that that relates to a claim against a corporation. It did not relate to traveler's checks or money orders, and therefore, it is not exactly relevant to the situation which exists at this time. And the stronger case for my retroactivity, if any was to be made, was a decision in the case of Pennsylvania against New York, where retroactivity was inherent in the state of facts decided in which practically all of the retroactivity would apply, namely in the field of money orders, and that was not decided until June 17, 1972.

So again I point out the artificiality which is inherent in the 10-year retroactivity which is developed out of the committee bill and which I simply cannot follow in terms of any justification, and for which I do not believe any justification has been given.

Mr. TOWER. Mr. President, will the Senator yield for a question?

Mr. JAVITS. I yield to the Senator from Texas.

Mr. TOWER. Mr. President, I would like to ask, in the interest of keeping our colleagues informed about the flow of business, if the Senator from New York intends to offer an amendment to the pending bill.

Mr. JAVITS. I will in due course offer an amendment to the pending bill to change the date of retroactivity from the date which is established in the bill to another date.

We had hoped to come to some agreement with the parties on what that other date should be. As the Senator knows, we have come to an agreement with some, but not with all of the parties. Therefore, I will simply have to decide overnight what date to choose. After all, I suppose that the most logical date would be the date of January 1, 1974, or at the very earliest, the date of June 19, 1972.

I will think about the matter overnight and propose an amendment.

Mr. TOWER. Could the Senator tell us when he will be ready to offer this amendment if this carries over as the pending business on tomorrow?

Mr. JAVITS. I would hope to offer it tomorrow.

Mr. TOWER. Would the Senator be prepared to agree to vote at a time certain or to agree to control the time?

Mr. JAVITS. I would not like to agree to that at this time. However, I hope very much that this is not a situation in which one has to invoke cloture.

I really genuinely feel that the Senate ought to be acquainted with what is at stake before it votes, although I do not propose to agree to controlled time, and so forth. It is not my disposition to delay the matter.

I would hope that we would be able to come to a vote on tomorrow if humanly possible.

I also wish to emphasize that I feel in fairness to my State that the Senate should be in a position of being informed when it votes. Unhappily for all of us, because of the terrible press of business, there simply is no other way in which to do it. We have to talk about the matter here when there is no one else in the Chamber. However, we hope that the aides to all Senators will be prepared to inform their Senators of the matter.

Mr. TOWER. Mr. President, I fully understand. I have been in the same situation many times. Could we agree tomorrow on a possible time to vote?

Mr. JAVITS. I do not think it will be necessary. I really have no desire to filibuster. I really want to talk on this matter so that Senators can vote in an informed way.

Mr. TOWER. Mr. President, I fully understand. I would never suggest that the Senator from New York is guilty of dilatory tactics at all.

Mr. JAVITS. Mr. President, I proceed again with the matter of Pennsylvania against New York, which is the latest case on the subject. As I said, if we are to have any retroactivity, certainly this would be a reasonable approach to it because this was the first time this was ever decided on the inherent kind of situation which we face here.

The case of Pennsylvania against New York also had the advantage that the argument was participated in by various attorneys general, the attorney general of Florida, the attorney general of Connecticut, the attorney general of Indiana, the attorney general of Oregon, and the attorney general of New York—as a matter of fact, the present incumbent, attorney general, former Judge Lefkowitz, who is still the attorney general—all participated in that case.

The Court had referred the dispute which brought the matter before the Court to a special master. This was the original action brought by the State of Pennsylvania against the State of New York to determine the authority of the States to escheat or take custody of funds paid to Western Union for the purchase of money orders, so that we can get our terms very clear. The debtor was the Western Union. The creditor was the purchaser who had bought the money order, so that we have that very clearly in our minds.

The recommendation by the special master, essentially following the decision in the Texas case which I analyzed a little while ago, recommended that any sum held by Western Union unclaimed for the time period prescribed by State statute may be escheated or taken into custody by the State in which the company's records place the creditor's address—that we have already analyzed in connection with the Texas case—and this whether the creditor be the payee of an unpaid draft, the sender of a money order entitled to a refund where it was not collected at the other end, or an individual whose claim had erroneously been underpaid.

Then the referee found that where the records showed no address, or where the State in which the creditor's State laws had no applicable escheat law, the right to escheat or take custody shall be in the debtor's domiciliary State, which was the State of New York. That differed from the Texas case, where the majority held that it would go to the State of incorporation, whereas in the Pennsylvania case it was finally decided that the State of the domicile of the debtor corporation was the proper State for escheat, and the Court went along with that view.

It will be interesting to Senators, I hope, to analyze exactly what was the rationale of that decision, because various exceptions, especially by the State of Pennsylvania, were taken to the decision of the Court. As the Court observed, "Pennsylvania and other States except." New York supported this finding by the special master, which was developed in this action regarding the escheat or custody of funds paid to Western Union for the purchase of money orders.

It was interesting in terms of other States also that Florida, Connecticut, and Indiana all took exception to what had been reported by the master, and that New Jersey went with Pennsylvania, which played the active role in that particular context of opposition to what the special master had reported.

The Court went on to point out the nature of the business of Western Union, and that in this case of the domicile of the corporation and its principal place of business were the same; they were both New York, and Western Union had offices in other States except for the States of Alaska and Hawaii, and also in foreign countries, and so on.

It further pointed out the way in which a money order is obtained; that is, the sender of the money order goes to Western Union's office, which might be in any State other than the State of domicile of the corporation, fills out an application, gives it to a clerk who waits on him, together with the money, including charges for sending the money order, and then the sender gets a receipt.

The practice then operates by Western Union transmitting a message over its wires to the office nearest to the payee, which directs that office to pay the money forwarded to the payee. The payee is then notified, and upon identifying himself receives a negotiable draft, which he can either endorse and cash at once, or keep for use in the future, for the money which was sent.

Now, the practice is that if the payee cannot be located for the delivery of the notice, or fails to call for the bank draft within 72 hours, then the destination office which has received the message notifies the sending office. This office, that is, the sending office, then notifies the original sender of the failure to deliver, and makes a refund, also by a negotiable draft.

There are thousands of these transactions, and it sometimes happens that the company can neither make payment to the payee—that is, he does not show up within 72 hours to claim the money—nor make a refund to the person who sent the money order.

Also, sometimes the draft—either the draft which represents the money order to the recipient or the draft given as a refund to the sender—is not cashed, and therefore, the Court points out, large

sums of money due from Western Union for undelivered money orders and unpaid drafts accumulate over the years in the company's offices and bank accounts throughout the country.

This case was decided in 1972, but back in 1953, that is, 19 years before, the State of Pennsylvania had begun proceedings to take custody of these unclaimed funds held by Western Union that arose from money orders purchased in the company's Pennsylvania offices. That was, I would assume, a case where the address of the sender was specified on the company records.

The highest State court of Pennsylvania sustained that suit, but the Supreme Court of the United States reversed on the ground that Western Union was denied due process of law because it could not protect the company against the rival claims of other States. The Court noted that controversy among different States under their power to escheat intangibles could only be settled in a forum where all the States that want to do so can present their claims, and only the Supreme Court of the United States had jurisdiction for that.

Then the Court pointed out that 12 years after that litigation was started in the Texas case, which I analyzed a little while ago, and the Supreme Court was asked to decide which of several States was entitled to escheat intangible property consisting of debts owed by a company which had its principal office in New Jersey and left unclaimed by creditors.

The Court then repeated the various arguments which had been made in the Texas case, and pointed out what it felt were the findings made in that case, quoting from the opinion.

The Court then went on to lay the basis for its finding in this Pennsylvania case decided in 1972, and pointed out that then there was a suit between the States relating to these accumulated funds, and that the State of Pennsylvania asked for a judgment for the funds to go to it, and a temporary injunction against the funds going to anyone else.

Then the Court points out that in the arguments. three different formulas were offered, and the Court details those formulas.

New York argued that the Texas case formula should be strictly applied, but that it was not retroactive, and therefore asserted its rights to all unclaimed funds, regardless of the creditor's address, between the time the money orders were purchased and 1958, the time of the Texas decision.

The special master in the Texas case recommended that the Texas rule be applied to all items regardless of the date of the transactions out of which they arose, so that if the address was recorded, it was that State which had the right to escheat, and he concluded that if no address was contained in the records of Western Union, or the creditor State no applicable escheat law, then, following the Texas rule, the escheat was to go to the domiciliary State of the debtor, and that it was the burden of the State in which the debtor was located to establish the basic facts, and that they had to go forward upon the basic facts upon which they were entitled to the escheat.

Now, the court then proceeded to argue pro and con as to the various points of view and pointed out, I might say also, the question which is what I argue that, if anything, it is money orders that should be the criterion to determine the retroactivity date and the decision on the money orders because we said on page 215 of the opinion:

But we are not talking of the . . . may run high.

It seems to me that that indicates our selectivity so far as the instruments are concerned which are the subject of these debts. The final decision of the court may be summed up and was summed up by the attorney general of New York in a letter to me as follows:

The decree of the court . . . statute.

Mr. President, it will be noted that the pending bill before us does deviate somewhat from this standard by making the principal place of business of the debtor, in this case Western Union, the criterion rather than the domicile or place of incorporation. That is something which Members should be thoughtful about.

As I close—and I gather we will very shortly—I should like to emphasize the essence of my argument. The arrangements made for the future prospectively in respect to the legislation represents a reasonable application of the discretion, assuming we have the constitutional power—and that is a big question—but assuming that we have the constitutional power, that represents a reasonable exercise of discretion by Congress as to just how this matter shall be handled, based on Supreme Court decisions, but insofar as retroactivity to February 1, 1965 is concerned, there is really no justification for it, as this was settled law. There can be no disputing the claim that it was settled law by the Highest Court of the land beginning February 1, 1965. There seems to be no reason why the whole thing should be redone, simply to gain some advantage for particular States which think they may get an advantage out of it, that is, applying naked power to a situation which equity and justice should control.

Tomorrow, I shall raise that question again by an appropriate amendment, but I did want to conclude today by stating our case fully for the RECORD.

Mr. President, I ask unanimous consent that appropriate excerpts from the cases to which I have referred and from the memoranda from which I have read may be printed in the RECORD.

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

Hon. JACOB JAVITS,
U.S. Senator,
Senate Building,
Washington, D.C.

That litigation involved abandoned property which arose out of Western Union money orders. Earlier litigation brought by Pennsylvania involving these abandoned money order funds had remained in the decision in *Western Union* v. *Pennsylvania* to the effect that due process prevented more than one state from escheating or taking custodially the same items of property. The court also held that the state court was without authority to resolve the conflicting claim to that property of the various states. *Western Union Tel. Co.* v. *Pennsylvania,* 368 U.S. 71 (1961).

In 1965, in an original action in the United States Supreme Court, *Texas* v. *New Jersey,* 379 U.S. 674 (1965), it was determined that various unclaimed obligations of the Sun Oil Co. were payable to the state of last known address of the creditor as shown on the books and records of the debtor corporation and, in the absence of such last known address, to the state of corporate domicile, subject in the latter instance to recovery by another state upon a showing that the last known address of the creditor was in that other state.

The Western Union Company and the American Express Co., which are the primary holders of abandoned money order and travelers checks funds are New York corporations. It appears that in a large number of cases these companies do not have records which show the last known address of the persons entitled to these funds. Accordingly, under the *Texas* v. *New Jersey* holding, as reinforced by the Court in *Pennsylvania* v. *New York* a large part of these funds would be payable to New York as the state of incorporation.

The litigation in *Pennsylvania* v. *New York* was commenced in 1970. Pennsylvania, Western Union and the other states in that case took the position that the *Texas* v. *New Jersey* decision did not apply to money orders. The group of states led by Pennsylvania argued that the state of the office of origin of the money orders should be entitled to take the property by way of escheat or custody. Other states, such as Florida, contended that the state of destination of the money order should be entitled to take this property. My office contended on behalf of New York that the *Texas* determination applied and that the state of last known address as shown on the records of the debtor corporation should take the property and if there was no record of the last known address, it should go to the state of incorporation of that corporation, which happened to be New York. The American Express Co. sought to intervene in the matter as *amicus curiae* and sought a determination which supported the Pennsylvania position. The American Express application to intervene was denied.

The Special Master appointed by the Supreme Court in *Pennsylvania* v. *New York* submitted a report which substantially upheld the New York position that the *Texas* determination was applicable. The Court approved the report of the Special Master and repeated its statement in the *Texas* opinion in the following terms "* * * to vary the application of the *Texas* rule according to the adequacy of the debtor's records would require this Court to do precisely what we said should be avoided—that is, 'to decide each escheat case on the basis of its particular facts or to devise new rules of law to apply to everdeveloping new categories of facts'." The decree of the Court provided that the abandoned funds held by Western Union were to be paid as follows:

(1) To the state of last known address of the persons entitled thereto as shown on the books and records of the debtor corporation;

(2) To the state of incorporation of the debtor organization if the last known address of the person entitled thereto is not shown on the books and records of that organization; subject to the right of any state to recover such amounts upon proof that the last known address of the person entitled thereto was in that state;

(3) To the state of incorporation if the state of last known address does not have applicable escheat or custodial laws, subject to the right of the latter state to recover such payments upon enactment of appropriate escheat or custodial statutes.

It is our view that the determinations in

Texas v. *New Jersey and Pennsylvania* v. *New York* make it clear that these rules were intended to apply to all kinds of abandoned or escheatable personal property and that they apply to travelers checks as well as money orders.

The proposed federal legislation (S. 1895) somewhat parallels the legislation adopted by this state in 1969, as a result of the abortive agreement with the other states. It should be patent that to disregard the litigation precipitated by Pennsylvania and to recede to the provisions of the legislation which we adopted in good faith prior to that litigation is simply unacceptable.

The apparent basis for the proposed federal intervention in the field of escheat or abandoned property is that the maintenance of records by these companies which would adequately identify the last known address of the true owner and thus, the state entitled to take the abandoned funds, would constitute a burden on interstate commerce. Entirely apart from the fact that it would seem reasonable that these records should be maintained, I fail to see how a requirement for their maintenance would constitute a reasonable basis for invocation of the commerce clause to support legislation of this kind. Furthermore, assuming that there is any ground for federal legislation in an area which has been traditionally reserved to the states, there is no conceivable reason why this legislation should be retroactive in effect, particularly in the light of the determination in *Pennsylvania* v. *New York* in 1972. In this regard, one of the whereas clauses in the federal bill provides that it is a burden on interstate commerce that these funds are not being distributed to the states "entitled thereto". I need not comment further on the fact that the Supreme Court has determined which states are "entitled thereto". To overthrow the determination of that Court for the reasons presented in the whereas clauses and the memorandum accompanying the bill is clearly unacceptable. This is so apart from constitutional doubt in any such proposed step. But, in any event, there is no conceivable burden on interstate commerce with respect to money orders and travelers checks which have already been sold.

For all of these reasons, I strongly urge that you take whatever steps are necessary to prevent the enactment of the legislation proposed in Senate 1895.

With warm personal regards.

Sincerely,

LOUIS J. LEFKOWITZ,
Attorney General.

QUORUM CALL

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

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

PROGRAM

Mr. MANSFIELD. Mr. President, at what time will the Senate convene on tomorrow?

The PRESIDING OFFICER. At 11 a.m.

Mr. MANSFIELD. Mr. President, it is my understanding that the distinguished Senator from New York (Mr. JAVITS) will lay his amendment on the pending bill before the Senate tonight.

Mr. JAVITS. Not tonight.

Mr. MANSFIELD. I thought the Senator said he would do that tonight.

Mr. TOWER. First thing tomorrow morning.

Mr. JAVITS. Tomorrow morning.

Mr. MANSFIELD. Mr. President, in view of the circumstances which have arisen, we will stay with that bill for a reasonable length of time. When it is disposed of, it will be followed by the minimum wage bill.

On Friday next—how shall I put it—it is always called the congressional pay raise bill—the governmental pay raise bill which covers the White House, the judiciary, the civil service as well as the Congress—a proposal which was advanced by the President and sent to Congress for its approval or disapproval—will come up on Friday and will be disposed of one way or the other. That should keep us pretty busy for the remainder of this week.

Next week we will have the public financing of elections bill, which is on the calendar, and the omnibus housing bill, which was placed on the calendar today. So I suggest to my colleagues that we will have votes on Thursday and Friday and perhaps every day next week.

Mr. TOWER. The Senator can be certain of it, if the omnibus housing bill is laid before the Senate next week.

Mr. MANSFIELD. Yes; we can also be certain of it when we lay before the Senate the pay raise bill.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I did not hear the Senator mention the minimum wage bill.

Mr. MANSFIELD. Yes; that will follow the pending bill at a reasonable hour tomorrow, but it will be laid aside, if not completed, to take up the Government pay raise bill on Friday.

ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock tomorrow morning.

The motion was agreed to; and at 4:10 p.m. the Senate adjourned until tomorrow, Thursday, February 28, 1974, at 11 a.m.

NOMINATIONS

Executive nominations received by the Senate February 27, 1974:

U.S. ADVISORY COMMISSION ON INTERNATIONAL EDUCATIONAL AND CULTURAL AFFAIRS

Lawrence Y. Goldberg, of Massachusetts, to be a member of the U.S. Advisory Commission on International Educational and Cultural Affairs for the remainder of the term expiring May 11, 1975, vice Jewel Lafontant, resigned.

The following-named persons to be members of the U.S. Advisory Commission in International Educational and Cultural Affairs for terms expiring May 11, 1976:

Leo Cherne, of New York. (Reappointment)

Rita E. Hauser, of New York, vice Dr. Martha B. Lucas Pate, term expired.

Leonard H. Marks, of the District of Columbia, vice Dr. Homer Daniels Babbidge, Jr., resigned.

EXPORT-IMPORT BANK OF THE UNITED STATES

William J. Casey, of New York, to be President of the Export-Import Bank of the United States, vice Henry Kearns, resigned

CONFIRMATIONS

Executive nominations confirmed by the Senate, February 27, 1974:

DEPARTMENT OF STATE

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

A. Linwood Holton, of Virginia 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 of the United States of America 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 of the United States of America 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 of the United States of America to the Republic of Guyana.

Davis Eugene Boster, of Ohio, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America 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 of the United States of American to Bulgaria.

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

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

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

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

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

INTERSTATE COMMERCE COMMISSION

George M. Stafford, of Kansas, to be an Interstate Commerce Commissioner for a term of 7 years expiring December 31, 1980.

Charles L. Clapp, of Massachusetts, to be an Interstate Commerce Commissioner for the term of 7 years expiring December 31, 1980.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

IN THE COAST GUARD

Coast Guard nominations beginning Raymond K. Kostuk, to be lieutenant (j.g.), and ending Robert C. Winter, to be lieutenant (j.g.), which nominations were received by the Senate and appeared in the Congressional Record on February 7, 1974.

IN THE NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

National Oceanic and Atmospheric Administration nominations beginning Daniel S. Eilers, to be lieutenant (j.g.), and ending Thomas J. Rice, to be ensign, which nominations were received by the Senate and appeared in the Congressional Record on February 18, 1974.

EXTENSIONS OF REMARKS

CEDAR-RIVERSIDE DEVELOPMENT PROVIDES ENERGY-EFFICIENT LIFESTYLE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. FRENZEL. Mr. Speaker, the February 11 issue of the Washington Post carried an article by Mr. Wilfred Owen, a senior fellow at Brookings Institution, about the energy crisis and the design of our urban environment. The article points out very well the close relationship between our present patterns of urban development and the energy shortages.

Planning is the key phrase which is emphasized when Mr. Owen discusses the solutions to our present energy dilemma, and Cedar-Riverside, the "new town within town" in Minneapolis, is cited as an example of the type of planning he feels is increasingly needed.

Ideas for revitalizing the central city are not new to Minneapolis. For years the scourge of subzero winter temperatures made working in downtown Minneapolis a depressing experience for many. In answer to this, the planners came up with a modern and coordinated "skyway" system, now being copied all over the country. In addition, Minneapolis has had its share of other innovative ideas such as the Nicollet Mall Gateway Center. Urban environments will doubtless change at a faster rate, because of the energy crisis. But in Minneapolis, the need for change has already been identified and its relationship to future energy consumption is well established.

The article by Mr. Owen follows:

SAVING GAS—AND SOCIETY

(By Wilfred Owen)

The gasoline shortage focuses attention on a fundamental defect of the American city: We are using our ability to move to compensate for our inability to build a satisfactory urban environment.

What we are up against is the obsolescence of the accidental city, which puts a premium on moving because it offers so little in the way of living. Vast central city areas are plagued by poor housing and inadequate services, neighborhoods are rocked by drugs and crime, and the ugliness is all-pervading. Under those circumstances the automobile has become the logical method of escape to dormitory suburbs, where driving is a necessary means of surviving: it may take a gallon of gas to buy a quart of milk.

The suburban commuter life-style increased 100 per cent in the past decade in Dallas and Houston, 84 per cent in New Orleans, and 56 per cent in Pittsburgh. Nationwide, reverse commuting was up 79 per cent, reflecting the fact that poor people and blacks living in center cities are unable to find either housing or acceptance close to jobs in outlying areas. Those who work close in live far out, and those who work far out live close in. It is a perfect set-up for the petroleum industry.

The real energy crisis, then, is the drain on human energy. The average commuter spends a month of daylight hours every year beating his way over the concrete trails between home and job. If people were considered as important as fossil fuels, someone would have appointed a human energy czar in charge of rebuilding the cities.

Planned communities around the world are beginning to show how systems of urban living can be designed for people rather than for business. A city designed for human purposes provides good housing in a pleasant neighborhood with the option of living near work, walking to the store, having recreation nearby, and reducing the unnecessary travel that results from the inconvenience of having things located in the wrong places. Those who prefer perpetual motion have the option of generating extra mileage if they want. By contrast most unplanned urban areas deny people those choices.

Planned cities are demonstrating that large-scale city-building is physically and economically feasible and that many of the design concepts, as well as the financing methods and community social systems, could apply to existing cities and suburbs. The federal government is now supporting planned urbanization through loan guarantees to help pay land acquisition and other front-end costs. Planned cities may be either satellites of old cities, such as Reston or Columbia, or rehabilitation of blighted areas in existing cities. Cedar-Riverside in Minneapolis is one of the latter.

What is happening in Cedar-Riverside points the way toward transforming urban slums and blight all over America. A private city-building team, which operates out of a converted ice cream factory, is in the process of redesigning a depressed and depressing 100 acres of the old city into a new city for 30,000 people. The result will be an attractive downtown community just 12 blocks from the center of downtown Minneapolis and a few steps from the University of Minnesota.

The Cedar-Riverside planners have put together over 400 separate parcels of "charming slum" property in an effort to rebuild the whole place in a way that will restore "the enjoyment and celebration of life," with due consideration for the wishes of existing tenants. All of them, if they wish, will be included in the new community. The aim is to combine good housing, pleasant neighborhoods, easy access to jobs, good health-care services, improvements in education, provisions for recreation, and a wide range of cultural activities. A theatre in the round has been fashioned out of a pizza parlor, and beer joints have become centers for the performing arts. High-rise apartments have both subsidized and unsubsidized units in a mix that conceals which is which, and day-care centers, clinics and other community facilities are located in the apartment buildings. Much of the surroundings will be refurbished rather than destroyed.

Already Cedar Avenue, the once dingy main commercial street has lost its typical city street pallor. The poles and wires are down, the sidewalks are repaved, store fronts are being renovated. Pocket parks are being substituted for vacant lots. Colorful murals camouflage ugly walls. Half the street acreage has been vacated to consolidate the land into large tracts for building complexes and for open space. A new pedestrian transport system is being built at second-floor level to take the place of unneeded street mileage. And an elongated town center plaza and surrounding buildings will keep the motor vehicles below the surface.

Projects such as Cedar-Riverside point out the best thing about a gasoline shortage: most things that need to be done to cope with it are things that ought to be done anyway. It is time for the richest country in the world to overcome the poverty of its cities. It will take a combination of national economic reforms to reduce poverty, massive housing programs, new land-use planning policies, and institutional arrangements for managing and financing the urban habitat. But we know from new communities around the world that building and rebuilding whole cities is physically possible and can prove financially feasible through cost-saving techniques, new design concepts, a combination of public and private efforts, and the use for community purposes of the profits from rising land values.

Transforming urban America would require a single urban development fund to consolidate federal aid for urban areas, and the creation of urban development agencies at the metropolitan level with city-building responsibilities.

Making urban areas livable, desirable, and attractive for people of all incomes and races is the overriding domestic challenge for the last quarter of this century. Putting the emphasis on living instead of moving is a shift in priorities that seems bound to save gasoline. If we put our minds to it, it might even save urban society.

ARTHUR C. PERRY, DEAN OF ADMINISTRATORS, AND L. B. J. FRIEND

HON. J. J. PICKLE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 27, 1974

Mr. PICKLE. Mr. Speaker, every one of us in this room knows how important it is to have a good person in charge of the staff back in the office. Everyone in this room knows that without an administrator to manage the flow of work across our desks and the flow of people in and out, without someone who can represent us when we have to be three or four places at one time, that our jobs become much harder, and even impossible to manage.

One of the best men ever to perform this service was Arthur C. Perry. He was indeed the dean of administrators, for his service in that capacity nearly spanned this century to date.

He was a good man, an able man, a dedicated man, and he cared not only