

## SENATE—Friday, March 1, 1974

The Senate met at 12 o'clock noon and was called to order by Hon. Dick CLARK, a Senator from the State of Iowa.

## PRAYER

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

Lord of our life, we know not what a day may bring forth of disappointment, failure, sickness, or even death. We only know that for these tests of life that none escape. Some emerge bitter and cynical, crushed and heartless; others emerge more gentle, more kind, more generous. We pause in Thy presence to be made strong enough for any test or temptation. Here brace us for new tasks, here equip us for new duties, here strengthen us for every adventure, send us to the day's program made new in love and grace and truth. Help us, Lord, not only to make better laws but also to be better men. For Thy name's sake. 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., March 1, 1974.

To the Senate:

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

JAMES C. EASTLAND,  
President pro tempore.

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

## MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the joint resolution (H.J. Res. 905) extending the filing date of the 1974 Joint Economic Committee report, in which it requests the concurrence of the Senate.

## THE JOURNAL

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Thursday, February 28, 1974, be dispensed with.

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

## COMMITTEE MEETINGS DURING SENATE SESSION

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

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

## THE CALENDAR

**Mr. MANSFIELD.** Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Nos. 668, 670, 671, 672, 673, and 676.

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

## OFFICE OF FEDERAL PROCUREMENT POLICY ACT OF 1973

The Senate proceeded to consider the bill (S. 2510) to create an Office of Federal Procurement Policy within the Executive Office of the President, and for other purposes, which had been reported from the Committee on Government Operations with an amendment to strike out all after the enacting clause and insert:

That this Act may be cited as the "Office of Federal Procurement Policy Act of 1973".

## DECLARATION OF POLICY

**Sec. 2.** It is declared to be the policy of Congress to promote economy, efficiency, and effectiveness in the procurement of goods, services, and facilities by and for the executive branch of the Federal Government by—

(1) establishing policies, procedures, and practices which will require the Government to acquire goods, services, and facilities of the requisite quality and within the time needed at the lowest reasonable cost, utilizing competitive procurement methods to the maximum extent practicable.

(2) improving the quality, efficiency, economy, and performance of Government procurement organizations and personnel;

(3) avoiding or eliminating unnecessary overlapping or duplication of procurement and related activities;

(4) avoiding or eliminating unnecessary or redundant requirements placed on contractor and Federal procurement officials;

(5) identifying gaps, omissions, or inconsistencies in procurement laws, regulations, and directives and in other laws, regulations, and directives, relating to or affecting procurement;

(6) achieving greater uniformity and simplicity, whenever appropriate, in procurement procedures;

(7) coordinating procurement policies and programs of the several departments and agencies;

(8) conforming procurement policies and programs, whenever appropriate, to other established Government policies and programs;

(9) minimizing possible disruptive effects of Government procurement on particular industries, areas, or occupations;

(10) improving understanding of Government procurement laws and policies within the Government and by organizations and individuals doing business with the Government;

(11) promoting fair dealing and equitable relationships among the parties in Government contracting; and

(12) otherwise promoting economy, efficiency, and effectiveness in Government procurement organizations and operations.

## FINDINGS AND PURPOSE

**Sec. 3.** (a) The Congress finds that economy, efficiency, and effectiveness in the procurement of property and services by the

executive agencies will be improved by establishing an agency to exercise responsibility for and direction over procurement policies and regulations.

(b) The purpose of this Act is to establish an Office of Federal Procurement Policy to provide overall leadership and direction, through a small, highly qualified and competent staff, for the development of procurement policies and regulations for executive agencies in accordance with applicable laws.

## DEFINITIONS

**Sec. 4.** (a) As used in this Act—

(1) the term "executive agency" means an executive department as defined in section 101 of title 5, United States Code, an independent establishment as defined by section 104 of title 5, United States Code (except that it shall not include the General Accounting Office), a military department as defined by section 102 of title 5, United States Code, a wholly owned Government corporation, and, subject to the provisions of subsection (b) of this section, the District of Columbia;

(2) the term "Office" means Office of Federal Procurement Policy;

(3) the term "Administrator" means the Administrator of the Office of Federal Procurement Policy; and

(4) the term "Federal assistance" means the provision of money, services, or property to a State, political subdivision, or person for the purpose of supporting, stimulating, strengthening, subsidizing, or otherwise promoting non-Federal activities benefiting a State, political subdivision, third party, or the public generally.

(b) The Council of the District of Columbia, established by section 401(a) of the District of Columbia Self-Government and Governmental Reorganization Act, is authorized, on or after the date its legislative powers under such Act become effective, to pass an act making the provisions of this Act inapplicable to the Government of the District of Columbia.

## OFFICE OF FEDERAL PROCUREMENT POLICY

**Sec. 5.** (a) There is established within the Executive Office of the President an agency to be known as the Office of Federal Procurement Policy. Functions exercised by the Office shall be subject to such policies and directives as the President shall deem necessary to effectuate the provisions of this Act.

(b) There shall be at the head of the Office an Administrator of the Office of Federal Procurement Policy, who shall be appointed by the President, by and with the advice and consent of the Senate.

(c) There shall be in the Office a Deputy Administrator of the Office of Federal Procurement Policy who shall be appointed by the President, by and with the advice and consent of the Senate. The Deputy Administrator shall perform such functions as the Administrator shall designate and shall be Acting Administrator during the absence or disability of the Administrator and, unless the President shall designate another officer of the Government, in the event of a vacancy in the Office.

## AUTHORITY AND FUNCTIONS

**Sec. 6.** (a) The Administrator shall provide overall guidance and direction of procurement policy, and to the extent he considers appropriate and with due regard to the program activities of the executive agencies, shall prescribe policies and regulations, in accordance with applicable laws and, subject to section 8(c), which shall be followed by executive agencies (1) in the procurement of—

(A) property, other than real property in being;

(B) services, including research and development; and

(C) construction, alteration, repair, or remaintenance of real property; and (2) in providing for or in connection with procurement of items specified in (A), (B), and (C) above, to the extent required for performance of Federal assistance programs.

(b) Nothing in subsection (a) (2) shall be construed—

(1) to grant the Administrator authority to authorize procurement or supply support, either directly or indirectly, to any recipient of Federal assistance; or

(2) to authorize any procurement contrary to State and local laws, in the case of programs to provide assistance to States and political subdivisions.

(c) The functions of the Administrator shall include—

(1) monitoring and revising as necessary policies and regulations concerning the role of the Federal Government and its reliance on the private sector in providing goods and services required to meet public needs;

(2) monitoring and revising as necessary policies and regulations to protect the interests and integrity of the public and private sectors in the procurement of goods and services;

(3) establishing a system of Government-wide coordinated and, to the extent feasible, uniform procurement regulations;

(4) overseeing and promoting programs of the Civil Service Commission and executive agencies to upgrade the quality of Federal procurement through improved programs for personnel recruitment, training, career development, and performance evaluation;

(5) sponsoring research in procurement policies, regulations, procedures, and forms;

(6) guiding and directing the development of a system for collecting and disseminating Governmentwide procurement data to meet the informational needs of the Congress, the executive branch, and the private sector;

(7) establishing criteria and procedures for an effective and timely method of soliciting the viewpoints of interested parties in the development of procurement policies, regulations, procedures, and forms; and

(8) consulting, in developing policies and regulations to be authorized or prescribed by him, with the executive agencies affected and, to the extent feasible, requesting one or more executive agencies (including the Small Business Administration on small business matters), to establish interagency committees, or otherwise use agency representatives or personnel, to solicit the views and the agreement so far as possible, of agencies affected on significant changes in policies and regulations.

(d) The authority of the Administrator under this Act shall not be construed to impair or interfere with—

(1) the determination by executive agencies of their need to procure, or their use of, property, services, or construction;

(2) the decisions by executive agencies to procure individual property, services, or construction, including the particular specifications therefor;

(3) the procedures and forms used by executive agencies, except to such extent as may be necessary to insure effective implementation of policies and regulations authorized or prescribed by the Administrator; or

(4) procurement policies and regulations by or for a military department when payable from nonappropriated funds: *Provided*, That the Administrator undertake a study of such policies and regulations. The results of the study, together with recommendations for administrative or statutory changes, shall be reported to the Committee on Government Operations of the Senate and the Committee on Government Operations of the

House of Representatives at the earliest practicable date, but in no event later than two years after the date of enactment of this Act.

#### ADMINISTRATIVE POWERS

SEC. 7. (a) The Administrator is authorized, in carrying out this Act, to—

(1) appoint advisory committees composed of private citizens and officials of the Federal, State, and local governments, and to pay such members (other than those regularly employed by the Federal Government) while attending meetings of such committees or otherwise serving at the request of the Administrator, compensation (including traveltime) at rates not in excess of the maximum rate of pay for GS-18 as provided in the General Schedule under section 5332 of title 5, United States Code, and while such members are so serving away from their homes or regular places of business, to pay such members travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently;

(2) accept voluntary and uncompensated services, notwithstanding section 665(b) of title 31, United States Code;

(3) employ experts and consultants in accordance with section 3109 of title 5, United States Code, and compensate individuals so employed for each day (including traveltime) at rates not in excess of the maximum rate of pay for grade GS-18 as provided in section 5332 of title 5, United States Code, and while such experts and consultants are so serving away from their homes or regular place of business, to pay such employees travel expenses and per diem in lieu of subsistence at rates authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently; and

(4) adopt an official seal, which shall be judicially noticed.

(b) Upon request of the Administrator, each executive agency is directed to—

(1) make its services, personnel, and facilities available to the greatest practical extent for the performance of functions under this Act; and

(2) except when prohibited by law, furnish and allow access to all information and records in its possession which the Administrator may determine to be necessary for the performance of the functions of the Office.

(c) The office, in connection with the exercise of the authority granted pursuant to this Act, shall be considered an independent Federal regulatory agency for the purpose of sections 3502 and 3512 of title 44, United States Code.

#### RESPONSIVENESS TO CONGRESS

SEC. 8. (a) The Administrator shall keep the Congress and its duly authorized committees fully and currently informed of its activities, including consideration of proposed changes in procurement policies and regulations, and shall submit a report to Congress annually, and at such other times as may be necessary for this purpose, with recommendations for amendment or repeal of existing laws or adoption of new laws when appropriate.

(b) Neither the Administrator, the Deputy Administrator, nor employees of the Office may refuse to testify before or submit information to Congress or any duly authorized committee thereof.

(c) (1) The Administrator shall transmit to the Congress a special message with respect to each minor policy or regulation which is prescribed by him under section 6(a). In order to provide an opportunity for consultation, the Administrator shall send to the Congress not less than thirty days prior to transmittal of such proposed major policy or regulation notice thereof, including a statement of the purpose and substance of

such proposal. Such policy or regulation shall become effective upon the expiration of the first period of sixty calendar days of continuous session of the Congress after the date of its submission, or on such later date as the Office may prescribe, unless between the date of transmittal and the end of the sixty-day period, either House passes a resolution stating in substance that that House does not favor the policy or regulation.

(2) For the purpose of paragraph (1) of this subsection—

(A) continuity of session is broken only by an adjournment of Congress sine die; and

(B) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the sixty-day period.

(3) The provisions of sections 910 through 918 of title 5, United States Code, shall apply to the procedures applicable in the considerations of such a resolution.

#### EFFECT ON EXISTING LAWS

SEC. 9. Authority under any other law permitting an executive agency to prescribe policies, regulations, procedures, and forms for procurement is subject to the authority conferred in this Act.

#### EFFECT ON EXISTING REGULATIONS

SEC. 10. Procurement policies, regulations, procedures, or forms in effect on the date of enactment of this Act shall continue in effect, as modified from time to time, until superseded by policies, regulations, procedures, or forms promulgated by the Administrator.

#### AUTHORIZATION OF APPROPRIATIONS

SEC. 11. There are authorized to be appropriated to carry out the provisions of this Act—

(1) not to exceed \$4,000,000 for the first fiscal year after enactment of this Act, of which not to exceed \$150,000 shall be available for the purpose of sponsoring research in accordance with section 6(c)(5); and

(2) such sums as may be necessary for each of the four fiscal years thereafter subject to the reviews specified in section 8(a). Any subsequent legislation to authorize appropriations to carry out the purposes of this Act shall be referred in the Senate to the Committee on Government Operations.

#### DELEGATION

SEC. 12. (a) The Administrator may delegate any authority, function, or power under this Act, other than his basic authority to provide overall guidance and direction of Federal procurement policy and to prescribe policies and regulations to carry out that policy, to any other executive agency with the consent of such agency or at the direction of the President.

(b) The Administrator may make and authorize such delegations within the Office as he determines to be necessary to carry out the provisions of this Act.

#### ANNUAL PAY

SEC. 13. Section 5314 of title 5, United States Code, is amended by adding at the end thereof the following:

"(60) Administrator of the Office of Federal Procurement Policy."

#### ACCESS TO INFORMATION

SEC. 14. (a) The Administrator and employees of the Office shall furnish such information as the Comptroller General may require for the discharge of his responsibilities, and for this purpose, the Comptroller General or his representatives shall have access to all books, documents, papers, and records of the Office.

(b) The Administrator shall, by regulation, require that formal meetings for the purpose of promulgating procurement policies and regulations, as designated by him for the purpose of this subsection, shall be

open to the public, and that public notice of each such meeting shall be given not less than ten days prior thereto.

REPEALS AND AMENDMENTS

SEC. 15. (a) Section 201(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 481(c)) is amended by inserting "subject to regulations prescribed by the Administrator of the Office of Federal Procurement Policy," after the comma following "Administrator".

(b) Section 602(c) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 474) is amended in the first sentence thereof by inserting "except as provided by the Office of Federal Procurement Policy Act, and" immediately after "here-with".

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LUDWIK KIKLA

The Senate proceeded to consider the bill (S. 581) for the relief of Ludwik Kikla, which had been reported from the Committee on the Judiciary with an amendment in line 6, after the word "The," strike out "natural" and insert "parents"; so as to make the bill read:

S. 581

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(1) and 204 of the Immigration and Nationality Act, Ludwik Kikla shall be held and considered to be the natural-born alien son of Cyril Kikla, a citizen of the United States. The parents, brothers and sisters of the said Ludwik Kikla shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LETICIA (ESCOBAR) RICHARDSON

The Senate proceeded to consider the bill (S. 1346) for the relief of Leticia (Escobar) Richardson, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Leticia (Escobar) Richardson may be classified as a child within the meaning of section 101(b)(1)(E) of the Act, upon approval of a petition filed in her behalf by Miss Constance Richardson, a citizen of the United States, pursuant to section 204 of the Act, and the provisions of section 245(c) of the Act shall be inapplicable in the case: *Provided*, That the brothers and sisters of the beneficiary shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DULCE PILAR CASTIN

The Senate proceeded to consider the bill (S. 2337) for the relief of Dulce Pilar Castin, which had been reported from the Committee on the Judiciary with amend-

ments, on page 1, line 4, after the name "Castin", insert "(Castin-Casas)"; in line 8, after the name "Junior", strike out "of East Greenwich, Rhode Island,"; in line 9, after the word "The", strike out "natural"; and, in line 10, after the name "Castin", insert "(Castin-Casas)"; 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, in the administration of the Immigration and Nationality Act, Dulce Pilar Castin (Castin-Casas) shall be classified as a child within the meaning of section 101(b)(1)(F) of such Act upon approval of a petition filed in her behalf pursuant to section 204 of such Act, by Vincent F. Iannarelli, Junior, a citizen of the United States. The brothers and sisters of the said Dulce Pilar Castin (Castin-Casas) shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.*

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended, so as to read: "A bill for the relief of Dulce Pilar Castin (Castin-Casas)."

RITO E. JUDILLA

The Senate proceeded to consider the bill (H.R. 7363) for the relief of Rito E. Judilla, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause and insert:

That, in the administration of the Immigration and Nationality Act, Rito E. Judilla and Virna J. Pasicaran may be classified as children within the meaning of section 101(b)(1)(F) of the Act, upon approval of petitions filed in their behalf by Adoracion J. Gonzaga and Robert S. Gonzaga, citizens of the United States, pursuant to section 204 of the said Act: *Provided*, That the brothers or sisters of the beneficiaries shall not, by virtue of such relationship, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended, so as to read: "An act for the relief of Rito E. Judilla and Virna J. Pasicaran."

PROTECTING OLDER AMERICANS AGAINST OVERPAYMENT OF INCOME TAXES

The Senate proceeded to consider the resolution (S. Res. 277) authorizing the printing of additional copies of a committee print entitled, "Protecting Older Americans Against Overpayment of Incomes Taxes," which had been reported from the Committee on Rules and Administration with an amendment, on page 1, line 2, strike out "fourteen" and insert in lieu thereof "twelve."

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That there be printed for the use of the Special Committee on Aging twelve thousand additional copies of its committee

print entitled "Protecting Older Americans Against Overpayment of Income Taxes".

EXECUTIVE SESSION

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will state the first nomination.

DEPARTMENT OF STATE

The assistant legislative clerk read the nomination of William S. Mailliard, of California, to be the permanent representative of the United States of America to the Organization of American States, with the rank of Ambassador.

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

U.S. AIR FORCE

The assistant legislative clerk read the nomination of Lt. Gen. Robert E. Pursley, XXXX FR—colonel, Regular Air Force—U.S. Air Force, to be a lieutenant general.

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

NOMINATIONS REPORTED TODAY

Mr. ROBERT C. BYRD. Mr. President, on behalf of the distinguished chairman of the Committee on the Judiciary, Mr. EASTLAND, I submit, at his request, certain nominations that have today been reported by the Committee on the Judiciary. The nominations are with respect to an assistant attorney general, district judges, U.S. attorneys, and U.S. marshals. I ask unanimous consent, again at the request of the chairman of the Committee on the Judiciary, that the nominations be immediately considered.

Mr. COOK. Mr. President, will the Senator withhold his request?

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

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

The assistant legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. 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. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of the nominations which I have just reported from the Committee on the Judiciary.

The ACTING PRESIDENT pro tempore. Without objection, the clerk will state the first nomination.

U.S. DISTRICT JUDGE

The assistant legislative clerk read the nomination of Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

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

The assistant legislative clerk read the nomination of Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado.

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

The assistant legislative clerk read the nomination of Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York.

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

The assistant legislative clerk read the nomination of Robert Firth, of California, to be U.S. district judge for the central district of California.

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

#### ASSISTANT ATTORNEY GENERAL

The assistant legislative clerk read the nomination of W. Vincent Rakestraw, of Ohio, to be assistant attorney general.

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

#### U.S. ATTORNEY

The assistant legislative clerk read the nomination of Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas.

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

The assistant legislative clerk read the nomination of Sidney I. Lezak, of Oregon, to be U.S. attorney for the district of Oregon.

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

The assistant legislative clerk read the nomination of Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington.

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

#### U.S. MARSHAL

The assistant legislative clerk read the nomination of Harry Connolly, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma.

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

The assistant legislative clerk read the nomination of Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska.

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

The assistant legislative clerk read the nomination of Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida.

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

Mr. ROBERT C. BYRD. Mr. President, I ask that the President be immediately notified of the confirmation of these nominations.

The ACTING PRESIDENT pro tempore. Without objection, the President will be immediately notified of the confirmation of the nominations.

#### LEGISLATIVE SESSION

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

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

The Chair recognizes the Senator from Pennsylvania.

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

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

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

The assistant legislative clerk proceeded to call the roll.

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

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

#### EXTENSION OF FILING DATE OF THE 1974 JOINT ECONOMIC COMMITTEE REPORT

Mr. MANSFIELD. Mr. President, I ask the Chair to lay before the Senate a message from the House on House Joint Resolution 905, and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, JR.) laid before the Senate House Joint Resolution 905, which was read twice by its title, as follows:

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That S.J. Res. 182, amending the provisions of section 3(a) of the Employment Act of 1946, be further amended by changing the filing date of the Joint Economic Committee report from March 13, 1974, to March 29, 1974.*

The PRESIDING OFFICER. Is there objection to the immediate consideration of the joint resolution?

There being no objection, the joint resolution (H.J. Res. 905) was considered, ordered to a third reading, read the third time, and passed.

#### ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from South Dakota (Mr. McGOVERN) is recognized for not to exceed 15 minutes.

#### THE LEADERSHIP CRISIS AND THE CONSTITUTIONAL REMEDY

Mr. McGOVERN. Mr. President, the hour is growing late for Congress and the American people to confront and resolve the issue of Presidential leadership.

Mr. Nixon has told us that beyond partisan considerations, he wants "the Presidency to survive." No one can disagree with that expression. But what he chooses to ignore and what many of us have not yet been willing to assert is that Mr. Nixon's soiled administration is now the chief threat to the Presidency. And unless Congress can soon clear the skies of the clouds swirling around the White House, both the Presidency and the Congress will be lost in the gathering storm.

If Mr. Nixon and his subordinates are not now called to account for what we have already been told about this administration, there can be no confidence either in the Presidency or the Congress. The conduct of a single temporary occupant of the White House cannot destroy that great office unless we permit his wrongful conduct to go untried.

The people expect us, as their elected representatives, to assume whatever political pain and risk are involved in cleansing the body politic of its worsening afflictions. We are all on trial.

Under our system of government, a strong, dependable moral sense in the Presidency is essential to public confidence in our society, our economy, and our foreign policy. Little wonder, then, that at a time of moral chaos at the top of our Government, we are beset by a jittery inflation-ridden economy, an uncertain dollar, unprecedented dislocations of fuel, and an impending crisis in food and other resources. The morale of the Nation is infected by the dismal spirit of Watergate. The people are anxious, doubtful, and angry.

Numerous public opinion surveys have demonstrated that a majority of our citizens fear impeachment but strongly support a congressional inquiry and trial to resolve the President's guilt or innocence. As elected leaders, we have the obligation to inform the American people that the two procedures are identical—that impeachment is indeed an inquiry and trial to determine the President's guilt or innocence.

Impeachment was regarded by Madison and his colleagues as a procedure essential to the proper functioning of the American constitutional process. It is the one clear constitutional remedy for the illness that is now destroying our Nation. It can drive away the clouds of doubt, and suspicion and fear—and let the sun shine on America again. It can demonstrate that the Congress of the United States not only believes in the rule of law, but is prepared to apply it to all citizens—even to the highest office of our Government. Impeachment is the constitutional procedure for a fair inquiry and trial by the people's representatives to determine whether the President's conduct has been acceptable or whether he must yield his office to Vice President FORD.

An impeachment inquiry and trial is the surest and, indeed, the only way to insure justice both for the President and for the American people.

No one of us relishes participation in this hard judgment—least of all the senior Senator from South Dakota. I was Mr. Nixon's opponent a short while ago. He defeated me by a large margin.

I accepted then and I accept now the verdict of the voters. The people preferred what they believed to be his philosophy of government to what they believed to be mine. But this verdict did not give Mr. Nixon the right to abuse the people's trust. Indeed, his overwhelming margin makes the lengthening list of revelations about his administration all the more tragic.

And my defeat in 1972 does not give me the excuse to be silent in 1974—although that is doubtless the safest political course.

So I speak out, not with glee, or in bitterness, or for partisan advantage. I speak out because I love this Nation, because I honor its Constitution, and because I believe that in the long view, the American people will come down on the side of justice.

I urge, indeed, I implore, my colleagues in the Congress to join with me in doing all within the power of our offices to inform the public and to discipline ourselves to the constitutional obligation that is ours to discharge in 1974. Let us accomplish this assignment expeditiously and prudently. There is no other honorable course.

#### ORDER OF BUSINESS

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

Mr. McGOVERN. Mr. President, I yield the remainder of my time to the Senator from Mississippi.

Mr. STENNIS. I thank the Senator very much.

#### TRIBUTE TO RAYMOND A. WHEELER

Mr. STENNIS. Mr. President, I rise to pay tribute to a distinguished American, Raymond A. Wheeler, who passed away February 8. I knew him well, for he was my next-door neighbor for many years here in Washington. Mrs. Stennis and I became warm personal friends to both Mrs. Wheeler and the late general. He was active and vigorous far beyond his years and until within less than an hour before his death.

He had a long life, to 88 years, and a long professional career, for he was still active as an engineer consultant in recent years. He distinguished himself as an Army officer over a period of 38 years and in three wars, and retired as a lieutenant general. He also achieved international recognition as an outstanding civil engineer from his accomplishments both during his military career and afterward, when he was the engineer consultant of the World Bank for 15 years, and as an engineer consultant in private practice.

General Wheeler's lifetime spanned an interesting, dynamic, and sometimes turbulent period in the history of our country, and he played a real and constructive part in American achievements during that era. His talent and abilities in his two professions led him to the forefront of where the action was in his lifetime. It is hard to imagine that one man participated in the construction of

the Panama Canal and 45 years later headed an international task force, under the United Nations, to clear out and restore the Suez Canal into service, during the mid-1950's. This same man participated in the expeditionary forces to Vera Cruz, Mexico, in 1914, and was commanding general of the India-Burma theater 30 years later. He played a key role in opening the land routes to both the Soviet Union and China during World War II, and at the time he retired from military service he was the Chief of Engineers of our Army. He had a full life.

When General Wheeler graduated from West Point in 1911 he went to the Panama Canal Zone, where as I mentioned he worked for 2 years on construction of the canal, and in later years he again served there twice, operating the canal. He was relatively young during World War I—33 years old—but he commanded a combat engineer regiment, and was decorated with the Silver Star for gallantry in action, and with the first of four Distinguished Service Medals.

Between the two World Wars he served in many assignments, particularly in connection with the construction and water resource development activities of the Corps of Engineers, and for 2 years he was detailed as regional engineer of the Works Progress Administration in Chicago.

When World War II began, General Wheeler was designated to head the military mission to the Persian Gulf area, where he initiated the construction of the lend-lease supply route to the Soviet Union. From there he went on to the China-Burma-India theater, where he served successively as Commanding General of the Services of Supply and theater commander. It was during this period that he supervised the construction of the Ledo Road, a 200-mile link through very difficult terrain between India and China.

He was also Deputy Supreme Commander of the Southeast Asia Command and represented the United States at the Japanese surrender ceremonies at Singapore.

After World War II, General Wheeler served with great distinction as Chief of Engineers of our Army.

When he retired from the Army in 1949 he immediately went with the World Bank as engineering adviser, and started a second career in international engineering, in which he worked with particular effectiveness with the developing nations. He was the author of the plan which resolved the dispute between India and Pakistan over the division of the waters of the Indus Basin, and which culminated in the Water Treaty of 1960.

At the request of the United Nations he headed an international mission of engineers in 1957 and 1958 to plan the comprehensive development of the Lower Mekong River Basin in Southeast Asia, on behalf of Cambodia, Laos, Thailand, and Vietnam. I am told that in the course of his engineering explorations through the Mekong Basin his energy was such that he wore out several younger engineers who accompanied him. When the

plan was financed and implemented he continued to serve through 1969 as Chairman of the International Advisory Board for the Mekong project.

In the international operation to clear the Suez Canal in 1956-57 he used salvage forces from seven European nations. He was at this time 71 years of age, but he accomplished the job in his usual brisk, friendly manner and left behind him a host of admiring Mideast and European friends.

In the early 1960's he turned his attention to problems in the new Republic of Congo, now Zaire, where again on behalf of the United Nations he restored the transport system to operation and put the public works construction program back in shape.

After General Wheeler left the World Bank in 1964, he accomplished many tasks as a private engineering consultant, and was a member of the board of review for the design and construction of the Columbia River projects in Canada which were authorized by treaty between the United States and Canada.

This distinguished American citizen won many honors in his lifetime. He was the holder of a long list of foreign decorations, and of medals and awards from engineering organizations in our own country. He appreciated these honors, but he was too modest a man to be overly impressed with them. His successes and awards left him unchanged. He valued his friends more than his decorations. He had an easy, low-key manner combined with a sharp and decisive mind, and people—foreign or American—understood and liked him.

He was always the true soldier with high standards. He honored the American military uniform and in turn brought honor to it. He always insisted on quality and in turn he always personified quality of the highest order. He always stood for principles and required those who dealt with him to follow the same pattern. Soldier, citizen, friend, neighbor, patriot, you always had to score him among the best. If two words could describe him, they would be genuine and useful. God rest his soul.

I have done my best, in these remarks, to pay a suitable tribute to Gen. Raymond A. Wheeler. But he has left his own monuments behind him all over the world, in concrete earth and steel, in railroads, roads, and waterways, where he has done things for other people, and each one of these remains a permanent tribute to him.

He leaves behind him his charming wife, Virginia, who is our friend and neighbor, his daughter Margaret, two granddaughters, and two sisters. Mrs. Stennis and I join in deepest sympathy at their loss. We hope that in their sorrow they will be consoled by the knowledge of all this distinguished American accomplished during his lifetime, for his own country and for the world.

#### ORDER OF BUSINESS

The PRESIDING OFFICER. Under the previous order, the Senator from

Michigan (Mr. GRIFFIN) is recognized for not to exceed 15 minutes.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

**REMAINING TIME UNDER ORDERS VACATED—RECESS TO 1 P.M.—ORDER FOR RECOGNITION OF SENATOR CANNON**

Mr. ROBERT C. BYRD. Mr. President, the distinguished chairman of the Committee on Rules and Administration (Mr. CANNON) has indicated he will be ready at 1 p.m. to begin consideration of the various committee money resolutions.

If no Senator wishes recognition at this time for the transaction of routine morning business, I ask unanimous consent that the remaining time under the orders be vacated, that the Senate stand in recess until the hour of 1 p.m., and that upon the reconvening of the Senate following the recess the Senate proceed to the recognition of the Senator from Nevada (Mr. CANNON) so that he might call up his resolutions.

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

At 12:20 p.m. the Senate took a recess until 1 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HARRY F. BYRD, Jr.).

**QUORUM CALL**

Mr. ROBERT C. BYRD. Mr. President, on behalf of the Senator from Nevada (Mr. CANNON), I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HARRY F. BYRD, Jr.). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mr. BYRD). Without objection, it is so ordered.

**TRANSACTION OF ROUTINE MORNING BUSINESS**

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business for not to exceed 10 minutes, with statements therein limited to 5 minutes.

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

**MESSAGE FROM THE PRESIDENT**

A message in writing from the President of the United States was commu-

nicated to the Senate by Mr. Heiting, one of his secretaries, submitting the nomination of Abraham Weiss, of Maryland, to be an Assistant Secretary of Labor, which was referred to the Committee on Labor and Public Welfare.

**THE LONG WAITING LINES AT GAS STATIONS IN VIRGINIA**

Mr. HARRY F. BYRD, JR. Mr. President, I spent last evening and this morning in Virginia. I spoke last night in the city of Waynesboro to a very splendid group there and had the opportunity to meet individually with a great many people who came to the meeting. Many complained about the long lines at gasoline service stations.

This morning, in Charlottesville, I arose early to take a look at some of the gasoline service station problems in that city, and to note the long lines of waiting automobiles outside the gas stations.

At one such station, at 6:30 a.m. this morning, a station that did not open until 7:30 a.m., there were already three lines waiting for gasoline. By 7:45 the line was an estimated four blocks long.

Charlottesville is in the heart of the Piedmont area of Virginia, 100 miles from Washington.

The problem in northern Virginia is severe. The problem in southwest Virginia is severe. The problem in Tidewater - Virginia Beach - Norfolk - Portsmouth area is also severe in regard to the shortage of gasoline.

Now, I can fully appreciate President Nixon's reluctance to go to gasoline rationing. None of us can say for certain just how rationing will work. We must remember that we have on the highways now 120 million vehicles compared to 30 million during World War II when we last had rationing.

But it is extremely important that something be done in these areas which are facing such difficult conditions and are continuing, day after day, to have these long waiting lines at the service stations.

This morning I talked with a taxi driver, who told me that it takes him about an hour in the waiting line each time he needs to refill his gas tank.

At one filling station in Charlottesville this morning, I was told by the filling station operator that the average customer waits in line for almost 2 hours.

This cannot very well continue over a long period of time. It hits hardest at the working people of this Nation—those who must spend long hours to obtain the fuel in order to get to work.

So, while I fully understand the President's position on rationing, and I support his position at the present time, if these long lines continue, it seems to me that some other action must be taken. This cannot go on too much longer, as I see it, without some affirmative action being taken by the Federal Government to alleviate this very serious situation. I expect to discuss this matter personally with the Federal Energy Administrator, Mr. William Simon, next week.

**QUORUM CALL**

Mr. HARRY F. BYRD, JR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

**COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.**

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

**URBAN MASS TRANSPORTATION ADMINISTRATION REPORT**

A letter from the Secretary of Transportation transmitting, pursuant to law, the third Urban Mass Transportation Administration Annual Report of capital assistance, technical studies, and relocation grants (with an accompanying report). Referred to the Committee on Banking, Housing and Urban Affairs.

**PROPOSED LEGISLATION BY THE FEDERAL ENERGY OFFICE**

A letter from the Administrator of the Federal Energy Office transmitting a draft of proposed legislation to authorize coordination of acquisition and analysis of energy information, to provide for the acquisition of accurate, timely energy information for the formulation of public policy and for other purposes (with accompanying papers). Referred, by unanimous consent, to the Committees on Commerce and Interior and Insular Affairs.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the communication from the Federal Energy Office at the desk relative to the Energy Information Disclosure Act of 1974 be jointly referred to the Committee on Commerce and the Committee on Interior and Insular Affairs.

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

**REPORTS OF COMMITTEES**

The following reports of committees were submitted:

By Mr. McCLELLAN, from the Committee on the Judiciary, with an amendment;

S. 1401. A bill to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes (together with additional views) (Rept. No. 93-721).

By Mr. McCLELLAN, from the Committee on the Judiciary, with amendments;

S. 872. A bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes (Rept. No. 93-722).

Mr. McCLELLAN. Mr. President, I am reporting for the chairman of the Committee on the Judiciary the bill, S. 1401, to establish rational criteria for the mandatory imposition of the sentence of death, and for other purposes, which would restore capital punishment as an authorized penalty upon conviction of certain specified serious crimes. This bill was introduced by Senator HRUSKA and

myself on March 27, 1973, as an answer to the Supreme Court's decision in *Furman v. Georgia*, 408 U.S. 238 (1972). It was in Furman that the Court decided, in my mind incorrectly, that capital punishment as then applied and administered in this country was an unconstitutional punishment. The decision effectively eliminated the death penalty as an authorized sentence under the law as it then stood and now stands.

Mr. President, S. 1401, as reported by the committee, is designed to eliminate the constitutional objections to the death penalty raised by the Supreme Court in the Furman decision and restore to our system of criminal justice what I believe to be a sanction necessary for a few of the most serious offenses that an individual can commit against society. The recent rise in violent crime in this country—and particularly that most violent of crimes, murder—convinces me that such a remedy is necessary if government is to protect society and its citizens from the ravages of violent crime.

In the period between 1966 and 1971, the number of murders in this country rose 61 percent, while the rate of murder per 100,000 persons rose 52 percent. More importantly, the percentage of all homicides that were known or suspected to be felony murders—homicides committed in the course of another crime—rose from 21.8 percent to 27.5 percent.

Yet, concomitant with this rise in homicide—indeed, in spite of it—the Supreme Court declared that the death penalty as it was then implemented and administered in this country, was unconstitutional. The Court found that a jury of peers—representatives of the various elements of our society and surely the epitome of our democratic ideal—could not constitutionally exercise its sole discretion to determine when a crime punishable by death was so heinous, brutal, or otherwise aggravated as to render its perpetrator deserving of the ultimate penalty. In other words, under the decision it is necessary for the Congress to establish by law criteria to be applied by the jury in making its determination.

The effect of Furman against Georgia has been that over 600 convicted murderers and rapists will not suffer a punishment imposed upon them by law. Indeed, eventually many of these individuals will be released to again prey upon society and our citizens.

Those who oppose capital punishment have been vehement in their assertion that it serves no useful purpose and, specifically, that it does not deter crime. This argument, in my judgment, is untenable. Certainly a prescribed penalty that is not carried out will not deter anything. The last execution in this country took place in 1967. Since that time a moratorium has been in effect, not because a majority of our people disapproved of capital punishment, but because the Court was taking the opportunity to rule on the constitutionality of the death penalty laws as implemented.

Surely it cannot be seriously argued that the sharp rise in homicides that accompanied this moratorium was merely coincidental.

When the law is not enforced and its punishments are not imposed it loses its credibility, and when it loses its credibility, it does not deter. We are now reaping the whirlwind. S. 1401 will provide a partial remedy to help us put an end to this whirlwind. And it will do it in a manner that will be consistent with the requirements of the Constitution as interpreted by the Supreme Court in the Furman decision. I hope this measure will be speedily enacted.

Mr. President, I am also reporting for the chairman of the Senate Committee on the Judiciary S. 872, a bill to facilitate prosecutions for certain crimes and offenses committed aboard aircraft, and for other purposes which was introduced on February 15, 1973, by Senator HRUSKA to close some of the gaps in present law, in particular some gaps relating to certain crimes committed aboard aircraft. It contains virtually the same provisions that passed the Senate in the 92d Congress on September 21, 1972, as S. 2567.

Undoubtedly each of us has searched for solutions to the frustrating problem of aircraft hijacking and threats affecting safety of aircraft. The dangers involved were dramatically brought to our attention on February 22, 1974, when a man carrying a gasoline incendiary device unsuccessfully attempted to hijack a Delta Air Lines jet at Baltimore-Washington International Airport and, in the process, killed an airport policeman and the copilot of the plane.

We must make every effort to discourage any activity creating fear and apprehension in air travel. Generally this bill would have some important impact in that direction by tightening up present law by establishing specific offenses for threats concerning the safety of aircraft, curing certain problems of process for civil penalties under the Federal Aviation Act, and clearly classifying proscribed acts as felonies or misdemeanors.

By Mr. HARTKE, from the Committee on Veterans' Affairs, with amendments:

S. 1835. A bill to amend title 38, United States Code, to increase the maximum amount of Servicemen's Group Life Insurance to \$20,000, to provide fulltime coverage thereunder for certain members of the Reserves and National Guard, to authorize the conversion of such insurance to Veterans' Group Life Insurance, and for other purposes (Rept. No. 93-723).

#### EXECUTIVE REPORTS OF COMMITTEES

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

By Mr. ROBERT C. BYRD, from the Committee on the Judiciary:

Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida;

Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska;

Harry Connally, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma;

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington;

Sidney I. Lezak, of Oregon, to be U.S. attorney for the district of Oregon;

Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas; and

W. Vincent Rakestraw, of Ohio, to be assistant attorney general.

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

Robert Firth, of California, to be a U.S. district judge for the central district of California;

Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York;

Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado; and

Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

#### 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. ERVIN:

S. 3089. A bill for the relief of Fan Zu Ming. Referred to the Committee on the Judiciary.

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

S. 3090. A bill to amend the Internal Revenue Code of 1954 to deny a deduction for the depletion of any mine, well, or timber located on or within lands belonging to the United States. Referred to the Committee on Finance.

By Mr. BIBLE (for himself and Mr. CANNON):

S. 3091. A bill to provide for the suspension of annual assessment work on mining claims held by location in the United States. Referred to the Committee on Interior and Insular Affairs:

By Mr. ERVIN (by request):

S. 3092. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes. Referred to the Committee on Government Operations.

By Mr. STEVENS:

S. 3093. A bill to amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works. Referred to the Committee on Public Works.

By Mr. JACKSON (by request):

S. 3094. A bill to authorize the measures necessary to carry out the provisions of minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River." Referred to the Committee on Interior and Insular Affairs.

By Mr. HASKELL:

S. 3095. A bill to amend the Internal Revenue Code of 1954 to deny treatment as a

foreign tax payment to any royalty payment made in connection with the extraction of oil or gas from a foreign country and to provide a means of determining what part of any payment constitutes the payment of a royalty. Referred to the Committee on Finance.

By Mr. CRANSTON (for himself, Mr. NUNN, Mr. BIBLE, Mr. MCINTYRE, Mr. WEICKER, Mr. JAVITS, Mr. PROXIMIRE, Mr. HATHAWAY, Mr. JOHNSTON, Mr. TOWER, Mr. WILLIAMS, and Mr. TALMADGE):

S. 3096. A bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage. Referred to the Committee on Banking, Housing and Urban Affairs.

#### STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BIBLE (for himself and Mr. CANNON):

S. 3091. A bill to provide for the suspension of annual assessment work on mining claims held by location in the United States. Referred to the Committee on Interior and Insular Affairs.

Mr. BIBLE. Mr. President, I introduce for appropriate reference a bill to provide for the suspension of annual assessment work on mining claims held by location in the United States.

Section 28 of title 30 of the United States Code now requires that on each mining claim located, and until a patent has been issued, not less than \$100 worth of labor must be performed annually or improvements worth that amount must be made each year in order to maintain the validity of the claim.

The present fuels and energy shortage calls for a concerted effort by all Americans to conserve fuels. This fact and the further fact that present and growing shortages of gasoline and diesel fuels are making it more and more difficult for the holders of mining claims to perform the required annual assessment work militate in favor of a suspension of this statutory requirement.

The effect of this bill would be to suspend the requirements of 30 U.S.C. 28 as to all mining claims in the United States until July 1, 1980, provided that the claimant by July 1 of each year files a notice certifying his desire to continue to hold the mining claim involved.

There can be little question that the energy crisis warrants congressional re-examination of existing laws mandating the expenditure of fuels. Where it is possible to relax such requirements in view of the fuel shortage then, of course, that should be done.

The situation I have described is a case in point. I hope the appropriate committee and the Senate will be able to look at this situation expeditiously and approve a reasonable moratorium on the present requirement for annual assessment work.

By Mr. ERVIN (by request):

S. 3092. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas

owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes. Referred to the Committee on Government Operations.

#### FEDERAL PROTECTIVE SERVICE ACT OF 1974

Mr. ERVIN. Mr. President, at the request of the Administrator of General Services, I introduce for appropriate reference the Federal Protective Service Act of 1974.

This bill would amend the Federal Property and Administrative Services Act of 1949, as amended, to clarify and extend the authority of the General Services Administration with respect to the protection of Federal buildings and other areas owned or occupied by the Federal Government.

The purposes of the bill are set out in a letter of transmittal submitted by the Administrator of General Services on December 19, 1973. For the information of the Senate, I ask unanimous consent that the letter and the text of the bill be printed in the RECORD at this point.

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

GENERAL SERVICES ADMINISTRATION,  
Washington, D.C., Dec. 19, 1973.

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

DEAR MR. PRESIDENT: Transmitted herewith for referral to the appropriate Committee is a draft bill prepared by the General Services Administration "To amend the Federal Property and Administrative Services Act of 1949, as amended, to extend and clarify the authority of the General Services Administration with respect to the protection of buildings and areas owned or occupied by the United States and under the charge and control of the Administrator of General Services, and for other purposes."

This proposed legislation, among other things, would amend Title II of the Federal Property and Administrative Services Act of 1949, 63 Stat. 383, as amended (Property Act), by adding new section 213 establishing within the General Services Administration, a security force to be known as the "Federal Protective Service" to be responsible for the protection of buildings owned and occupied by the United States and under the control of the Administrator. In addition, the proposal would repeal the Act of June 1, 1948, c. 359, 62 Stat. 281, as amended (40 U.S.C. 318, 318a-d), the Administrator's present authority to appoint special policemen for protection of Government property. Such special policemen are now designated by Administrative order as Federal Protective Officers. The legislation, if enacted, would give statutory recognition to Federal Protective Officers, increase their jurisdiction, and clarify their policing power. The Federal Protective Service would be composed primarily of the present guards and nonuniformed policemen of GSA and would perform essentially the same functions.

Enactment of the proposed legislation is considered desirable to clarify the authority of the General Services Administration to carry out its functions regarding the protection of Government property under its charge and control.

Until recent years, the primary duties of GSA special policemen, appointed under the authority of 40 U.S.C. 318, were of patrolling buildings, detecting fires, and providing a first line of defense when fires did occur. In 1971, the jurisdiction and policing power of GSA were extended, and in response to the additional demands on the protective

services of GSA, it redesignated its protective force as the Federal Protective Service, intensified training of its personnel, and instituted other reforms necessary to increase the force's efficiency. GSA Federal Protective Officers now assume greater responsibilities in connection with their assignments. In recognition of these increased responsibilities, the Federal Protective Officers were already upgraded by the Civil Service Commission in 1971.

There are approximately 4,000 uniformed officers in the Federal Protective Service at the present time. These officers, in addition to performing the routine duties of a building guard, enforce identification and inspection procedures at building entrances and institute arrest procedures for the violations of Federal law occurring on GSA controlled property.

The jurisdiction and policing powers of GSA Federal Protective Officers is limited under section 1 of the 1948 Act to "Federal property over which the United States has acquired exclusive or concurrent criminal jurisdiction." Beginning in 1971, however, a proviso in the GSA appropriation acts has extended the authority of Federal Protective Officers to all buildings and areas owned or occupied by the United States and under the charge and control of the General Services Administration. The effect is to expand the GSA authority to leased property.

Proposed subsection (a) of new section 213 of the Property Act would enlarge the jurisdiction of Federal Protective Officers to include all property owned or occupied by the United States and under the Administrator's charge and control and would eliminate the need for the above mentioned provision in GSA's annual appropriation acts. The remainder of proposed subsection 213(a) would clarify the enforcement and arrest authority of Federal Protective Officers.

Proposed subsection 213(b) of the Property Act grants to the Administrator the same substantive authority now contained in section 5 of the 1948 Act (40 U.S.C. 318d). Changes in the language have been made to conform the authority of the nonuniformed GSA officials authorized to perform investigative functions with that of the uniformed Federal Protective Officers.

Proposed new subsection 213(c) to the Property Act restates the authority of the Administrator to issue rules and regulations governing property under his charge and control now set forth in section 2 of the 1948 Act (40 U.S.C. 318a). Language changes, not of a substantive nature, have been made to conform the section with the remainder of the draft bill and to eliminate the express provision in the 1948 Act to delegate authority to issue rules and regulations. Section 205(d) of the Property Act expressly authorizes the Administrator to delegate any functions vested in him under the Act.

Section 4 of the 1948 Act (40 U.S.C. 318c) limits the penalty of the violation of rules and regulations to a fine of \$50 and/or imprisonment for thirty days. Proposed new subsection 213(d) would increase the maximum penalty to a fine of \$500 or imprisonment for not more than six months, or both. The present penalty and punishment is so minor as to classify the most aggravated or most gross infraction as a petty offense.

The proposed increased penalty is not absolute but is merely a maximum and allows the Court latitude of sentence commensurate with the circumstances of the offense. The increased penalty provisions would provide a credible deterrent to a breach of the rules and regulations without requiring an unreasonable level of punishment.

Subsection (e) of proposed section 213 grants to the Administrator the same substantive authority contained in section 3 of the 1948 Act (40 U.S.C. 318b). Changes in the

language have been made to conform this subsection with other subsections of proposed section 213 of the draft bill.

Section 2 of the proposed legislation repeals the 1948 Act. The 1948 Act was enacted prior to the Property Act. Logically, the Administrator's authority to protect Federal buildings should appear in Title II of the Property Act, which also contains authorities granted to him in connection with the operation and maintenance of buildings under his charge and control.

Section 3 of the draft bill would amend section 1114 of title 18, United States Code, to include certain officers and employees of GSA among those Federal officials afforded the protection of the Federal Statutes pertaining to punishment for the murder, manslaughter or assault of such officials. Included in the scope of Section 1114, as it presently stands, are personnel of the Justice, Post Office, Treasury, Agriculture, Interior, State, and Health, Education and Welfare Departments; the National Aeronautics and Space Administration, and Postal Service, who are engaged in judicial, investigatory, enforcement, correctional, protective, and other potentially hazardous duties. Because the role of GSA protective personnel is carried out in a climate where antagonism against police is manifested, we believe that they should be included among those afforded the protection of the Federal statutes pertaining to punishment for the murder, manslaughter, or assault of specified Federal officials.

The Office of Management and Budget has advised that, from the standpoint of the Administration's program, there is no objection to the submission of this proposed legislation to the Congress.

Sincerely,

ARTHUR F. SAMPSON,  
Administrator.

S. 3092

*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 "Federal Protective Service Act of 1974."*

SEC. 2. The Federal Property and Administrative Services Act of 1949, 63 Stat. 377, as amended, is further amended by adding the following after section 212:

**"FEDERAL PROTECTIVE SERVICE**

"SEC. 213(a)(1). There is hereby established a permanent trained security force within the General Services Administration to be known as the 'Federal Protective Service.' The Federal Protective Service shall perform such duties as assigned by the Administrator or by duly authorized officials of the Administration for the protection of persons and property and the conduct of authorized activities in or on real property owned or occupied by the United States and under the charge and control of the Administrator.

"(2) Uniformed members of the Federal Protective Service (hereinafter referred to as 'Federal Protective Officers') shall have, while on such property, the power to enforce Federal laws as well as rules and regulations issued pursuant to subsection (c) of this section. Such officers shall have the authority to make arrests on such property without a warrant for any offense committed in their presence and may also arrest without a warrant for any offense if they have reasonable grounds to believe (1) the offense constitutes a felony under the laws of the United States, (2) that the person to be arrested has committed the offense; and such person is on or fleeing from such property. The jurisdiction and policing powers of the Federal Protective Service shall not extend, however, to the service of civil process.

"(b) Officials or employees of the Gen-

eral Services Administration who have been duly authorized to perform investigative functions may be authorized by the Administrator to exercise the same powers as uniformed Federal Protective Officers and to carry firearms while on real property owned or occupied by the United States and under the charge and control of the Administrator, or on travel status.

"(c) The Administrator is authorized to make all needful rules and regulations for the protection and government of property under his charge and control, and to annex to such rules and regulations such reasonable penalties, within the limits prescribed in subsection (d) of this section, as will ensure their enforcement; *Provided*, That such rules and regulations shall be posted and kept posted in a conspicuous place on such property.

"(d) Whoever shall violate any rule or regulation promulgated pursuant to subsection (c) of this section shall be fined not more than \$500, or imprisoned not more than six months, or both.

"(e) Upon the application of the head of any Federal agency having under its charge and control property owned or occupied by the United States, the Administrator is authorized to detail any such Federal Protective Officers for the protection of such property and, if he deems it advisable, to extend to such property the applicability of any rules and regulations issued pursuant to subsection (c) of this section. Such Federal Protective Officers are empowered to enforce Federal laws and said rules and regulations in the same manner as set forth in subsection (a) of this section. The Administrator, whenever it is deemed economical and in the public interest, may utilize the facilities and services of existing Federal law-enforcement agencies and, with the consent of any State or local agency, the facilities and services of State or local enforcement agencies."

SEC. 2. Sections 1 through 5 of the Act of June 1, 1948, c. 359, 62 Stat. 281, as amended (40 U.S.C. 318a-d), are repealed.

SEC. 3. Section 1114 of title 18, United States Code, is amended by inserting after the words "or law enforcement functions," the following words: "or any officer or employee of the General Services Administration assigned to enforce laws and rules and regulations enacted for the protection of property of the United States or to perform investigative, or law enforcement functions."

By Mr. STEVENS:

S. 3093. A bill to amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works. Referred to the Committee on Public Works.

Mr. STEVENS. Mr. President, I am introducing a bill today that would amend the Federal Water Pollution Control Act to authorize certain alternatives to secondary treatment for publicly owned treatment works.

The 1972 amendments to the Water Pollution Control Act require that all municipal treatment facilities shall be upgraded to secondary treatment by July 1, 1977. The impact of this requirement on the Nation is staggering. For example, the cost of construction of secondary facilities for those municipalities discharging primary effluents into only the Pacific Ocean is estimated to be \$650 million. This does not consider the cost of increased energy needed to operate the new plants or the added cost of operating these facilities.

The 1972 amendments to the act require that municipally owned treatment works achieve secondary treatment by July 1, 1977, and "best practicable treatment" by July 1, 1983. Section 301(b) of the act requires that secondary treatment be the basis for "best practicable treatment." Inasmuch as neither the Congress nor the Environmental Protection Agency has yet determined what constitutes "best practicable treatment," I maintain that it is error to assume it presupposes secondary treatment. True, secondary treatment may prove to be the "best practical treatment" for many areas. But it also may not be the "best practical treatment" for many others.

Anchorage, Alaska, is but one example where secondary treatment is not the best practical treatment. In July of 1972 the Greater Anchorage Area Borough treatment plant became operational. It was one of the last primary treatment facilities approved for Federal grant funding. The existing facility cost over \$6 million to construct and it is estimated that today's cost of converting the plant to secondary treatment would be \$13 million. At the present rate of inflation the 1977 cost of conversion would be nearly \$20 million, and these costs are only for conversion of the existing plant. As Anchorage grows, additions would be required. Additionally, the operation and maintenance costs for a secondary plant is estimated to be 60 percent more than that of the existing facility, or \$600,000 a year. This cost would be borne entirely by the Anchorage sewer rate payer.

I do not question the fact that in many areas of the Nation secondary treatment is necessary to upgrade or preserve the water quality of the municipal waste receiving waters. However, in Anchorage and several other areas, this is not the case. Anchorage cannot hope to improve the water quality of Upper Cook Inlet by secondary treatment of its wastewater. Indeed, the effluent from Anchorage's primary plant already contains less pollutants than the natural waters of the inlet. Expending from \$13 to \$20 million on a facility which would not improve the water quality of the inlet when that money could be used for needed environmental assets, such as extending sewers to needed areas of the borough, does not appear to be a wise investment.

I again emphasize that this is not a situation unique to Anchorage, Alaska, Hawaii, Washington, California, and Guam have expressed similar concern.

Because the act does not allow the Administrator of the Environmental Protection Agency the flexibility to allow for the unique situations found in some municipalities, I am introducing this bill. It gives the Administrator the authority to authorize an alternative treatment when, and I emphasize only when, it is determined that such alternative would result in an equal or preferable effect on the receiving waters at a lesser cost in money or material resources, or both.

Such flexibility is recommended in the final report by the National Water Com-

mission, entitled "Water Policies for the Future," and I quote:

The 1972 Act should be amended to give the EPA Administrator the flexibility to approve grants for alternatives to either conventional treatment processes or uniform treatment requirements when such alternatives can reasonably be expected to produce equal or better receiving water quality for the expenditure of a lesser amount of Federal funds.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the text of this bill.

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

S. 3093

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 301(b) of the Federal Water Pollution Control Act is amended by inserting at the end thereof the following:*

"(3) In the case of any publicly owned treatment works which is required to use secondary treatment pursuant to this section the Administrator may authorize an alternative treatment, upon application and a showing satisfactory to the Administrator that such alternative would result in an equal or preferable effect on the receiving waters at a lesser cost in money or material resources or both."

By Mr. JACKSON (by request):  
S. 3094. A bill to authorize the measures necessary to carry out the provisions of Minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River." Referred to the Committee on Interior and Insular Affairs.

Mr. JACKSON. Mr. President, by request, I send to the desk a bill to authorize the measures necessary to carry out the provisions of Minute No. 242 of the International Boundary and Water Commission, concluded pursuant to the Water Treaty of 1944 with Mexico (TIAS 994), entitled "Permanent and Definitive Solution to the International Problem of the Salinity of the Colorado River," to be cited as the "International Salinity Control Project Colorado River."

Mr. President, the draft legislation was submitted and recommended by the Departments of State and Interior and I ask unanimous consent that the executive communication accompanying the proposal be printed in the RECORD following my remarks. Along with the departmental report, I wish to insert for the benefit of the Members of the Senate the section-by-section analysis of the draft legislation, and Minute No. 242 which constitutes the settlement approved by the two Governments after 12 years of controversy regarding the quality of water the United States may deliver to Mexico.

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

DEPARTMENT OF STATE,  
Washington, D.C.

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

DEAR MR. PRESIDENT: There is enclosed a draft bill which the Department of State recommends be enacted to authorize implementation of an agreement with the Government of Mexico to resolve the international problem of the salinity of the Colorado River waters delivered by the United States to Mexico under the Water Treaty of 1944. This treaty provides for the delivery to Mexico annually of 1.5 million acre-feet of Colorado River waters.

There are also enclosed for the information of the Congress in its consideration of this draft bill the supporting documents and reports listed at the close of this letter, as well as a section-by-section analysis of the draft bill. The Environmental Impact Statement, one of the enclosures, was prepared in accordance with the requirements of the National Environmental Policy Act (P.L. 91-190) and this Department's guidelines. Public notice of the availability of this statement was included in the *Federal Register* of October 5, 1973.

Mr. Herbert Brownell, the President's Special Representative who negotiated the agreement, describes the Colorado River and discusses at some length its history and the history of the salinity problem with Mexico in his enclosed "Report of the President's Special Representatives for Resolution of the Colorado River Salinity Problem with Mexico," dated December 28, 1972. Members of the Congress will recall that when the President of Mexico addressed a joint meeting of the House and Senate on June 15, 1972, President Echeverria referred to this problem as the most delicate between the two countries. This was one of the most important issues dealt with by President Nixon and President Echeverria at their meetings on June 15 and June 16. In their Joint Communiqué of June 17, 1972, it was announced that the United States would undertake certain actions immediately to improve the quality of the water going to Mexico, and that President Nixon would designate a special representative to find a permanent, definitive and just solution of this problem. The enclosed agreement of August 30, 1973, Minute No. 242 of the International Boundary and Water Commission, is that definitive solution.

This agreement with Mexico brings to an end twelve years of controversy regarding the quality of water the United States may deliver to Mexico. Although the treaty contains no specific provisions relating to the quality of water delivered, it does provide for the settlement of differences with respect to the interpretation or application of the treaty by the International Boundary and Water Commission, subject to the approval of the two Governments. Minute No. 242 constituted such a settlement, which the Presidents of the two countries have approved, subject to the enactment by the Congress of legislation authorizing the appropriation of the funds needed to carry out its provisions.

Implementation of the agreement will require a reduction in the salinity of the waters delivered at present to Mexico. Desiring to accomplish this reduction with the least burden on the United States and its water users, the Department of State, on the advice of Mr. Brownell, its technical advisers, and other Departments, has provided in the draft bill for the minimum works and other measures necessary for this purpose.

In this agreement the United States makes three major commitments. First and prin-

cipally, we agree to adopt measures to assure that no later than July 1, 1974, subject to the authorization by the Congress of funds for the necessary works, the approximately 1,360,000 acre-feet of Colorado River waters delivered to Mexico above its Morelos Diversion Dam will have an annual average salinity of no more than 115±30 parts per million (ppm) over the annual average salinity of Colorado River waters arriving at Imperial Dam, i.e., those delivered to the lowermost major downstream users in the United States. This means that while Mexico will accept delivery of waters somewhat more saline than those used in the United States, the United States must remove from those waters the adverse effect of the highly saline drain waters pumped and discharged to the river by the Wellton-Mohawk Irrigation and Drainage District of Arizona.

It is proposed to attain this average annual differential by a combination of improvements to reduce drain flows from the Wellton-Mohawk Project and by construction of a desalting plant. When completed, presently scheduled for 1978, the desalting plant would treat a major portion of the Wellton-Mohawk drain water, so that, in combination with the untreated Wellton-Mohawk drain water, it may be delivered to Mexico within the agreed differential. A detailed description of this plan as planned appears in the enclosed Special Report dated September 1973 prepared for the Department by the Department of the Interior.

During an interim period, while desalting facilities are being constructed, the United States would bypass all the Wellton-Mohawk drain water without charge to Mexico against its guaranteed treaty allotment, and would substitute higher quality water that would be delivered to Mexico in place of it. This better water would at first be borrowed from storage reservoirs and, later, be made up in large part of water saved by concrete-lining a 49-mile reach of the Coachella Canal in southern California. The lining would save economically an estimated 132,000 acre-feet of water annually, which would be temporarily available for use by the Federal Government until the amount borrowed from storage is paid back or the Secretary of the Interior reduces deliveries of mainstream Colorado River water to California to 4.4 million acre-feet annually. The water saved will represent a part of California's entitlement from the Colorado River.

The highly saline reject stream from the desalting plant, containing the salts removed from the drain water, would be kept separate and conveyed by a drain directly to the international boundary, and thence through Mexico to the Santa Clara Slough on the Gulf of California. Under the agreement the Government of Mexico would construct, operate, and maintain the part of the drain located in Mexico. As its second major commitment, the United States would assume the cost of building, operating, and maintaining the part in Mexico, which must be concrete-lined to prevent the highly saline water from infiltrating into groundwaters of Mexico.

In order to keep the construction and operating cost of the desalting plant to a minimum, the volume of drain water from the Wellton-Mohawk District should be reduced. For this purpose the bill would authorize assistance to District water users in improving the efficiency of their operations, and authorize a reduction in the existing authorized irrigable acreage of the District.

The third commitment undertaken by the United States is to support Mexican efforts to obtain appropriate financing on favorable terms for the improvement and rehabilitation of the Mexicali Valley where Mexico uses its Colorado River waters, and to provide on a mutually acceptable basis a grant for those

aspects of the rehabilitation program in the Mexicali Valley directly related to salinity, including tile drainage. When a mutually acceptable basis has been arrived at, the Department will submit a report and recommendations to the Congress on this matter.

The Government of Mexico undertakes two major commitments. It accepts in effect as a part of its treaty allotment all drainage inflows to the river below Imperial Dam except untreated Wellton-Mohawk drain waters. This includes the delivery of 140,000 acre-feet annually, consisting largely of drain water, near San Luis on the land boundary and in the boundary section of the river downstream from Morelos Dam. This water may be more saline than that delivered above Morelos Dam.

The Mexican Government also agreed to a mutual limitation of groundwater pumping within five miles of the Arizona-Sonora boundary near San Luis to 160,000 acre-feet annually on each side, pending the conclusion of a comprehensive agreement on groundwater in border areas. Mexico is already pumping at this rate, and as a consequence beginning to draw on waters underlying the United States and to diminish the surface flow to Mexico at San Luis. The agreement was phrased so that the United States could without question pump a like amount on its side to reduce the loss of underground waters and surface flows caused by Mexican pumping. The Department will continue to work with Mexican officials on a comprehensive agreement on groundwater in the border areas.

Finally, the two Governments recognized the agreement as the permanent and definitive solution of the salinity problem. They agreed to consult with each other before undertaking any development of surface or groundwater resources in the border area which might adversely affect the other country.

This agreement has very considerable advantages for the United States. Above all, it removes the uncertainties of the effect the salinity problem might have caused on further development of the Colorado River Basin. As long as the two Governments might have had to resort to international adjudication, a part of the Basin's water would have been in jeopardy. If, however, as is proposed, we draw on the financial and technological rather than on the water resources of the United States to comply with the agreement, we will limit the potential loss of water to the Colorado River Basin to the practical minimum, i.e., essentially to the highly saline reject stream from the desalting plant that is not replaced until feasible ways are found to augment the flows of the Colorado River. By limiting Mexican pumping near the Arizona boundary to the presently installed capacity, the agreement prevents Mexico from increasing its pumping in that area. The agreement also recognizes that the United States may undertake pumping at similar levels to conserve its own groundwaters and to maintain deliveries to Mexico at San Luis.

In respect to our international relations, the agreement removes a problem which has plagued our relations with Mexico for more than a decade. It demonstrates once again the willingness of the United States to resolve its differences with other countries, as well as our will and ability to find constructive ways to do so. We hope that it will encourage other countries, particularly of this Hemisphere, to try to resolve constructively and amicably the difficult problems persisting between them.

The currently estimated cost of the settlement is considerable. It can be broken down as follows, in thousands of dollars:

I. Desalting plant facilities:	
A. Pretreatment plant	\$16,150
B. Desalting plant	37,086
C. Appurtenant works	8,844
Total desalting plant facilities	62,080
II. Other associated facilities:	
A. Bypass drain	15,370
B. Siphon at Yuma	3,100
C. Irrigation efficiency improvement program	2,000
D. Acreage reduction & system improvement	10,500
Total associated facilities	30,970
Total desalting complex costs	93,050
III. Coachella Canal Lining, Calif	(21,450)
IV. Acquisition of lands at Painted Rock Reservoir Ariz	5,000
V. General supervision, U.S. Section, IBWC	1,525
Grand total	99,575

<sup>1</sup> Construction of this project will be carried out by the Department of the Interior pursuant to the authorization provided in the Rehabilitation and Betterment Act (63 Stat. 724). The Department of State proposes to enter into a contract with the Interior Department and the Coachella Valley County Water District for Federal reimbursement of the annual repayment obligations for the temporary Federal use of the water saved by the canal lining.

<sup>2</sup> These lands would be required only if it is determined that the Corps of Engineers must hold fee title to such lands in Painted Rock Reservoir to regulate the dam during and after periods of serious flooding to enable the United States to comply with its obligations under Minute No. 242.

While annual operation and maintenance costs cannot be precisely estimated at this time, they are expected to amount to about \$9,850,000, excluding \$1,360,000 for the repayment obligation for lining the Coachella Canal during the period (about 7 years) when the water saved by the project is made available to the United States for its use.

Mr. Brownell, together with the interagency Task Force assisting him, systematically studied all elements of the possible solutions to the problem with Mexico. The alternative proposed herein, which was recommended by them and approved by the President, is considered to be the most practicable solution to this international problem. Every effort will be made, as provided in the draft bill, to design and operate the projects with the objective of carrying out its purpose at the least overall cost to the United States. It is envisaged that the Department will receive assistance from the Department of the Interior for the design and construction of the proposed desalting plant and for carrying out some of the proposed measures in the Wellton-Mohawk Project. However, the Department will retain overall responsibility for these measures as well as for the others to ensure that the obligations of the international agreement are fulfilled.

Under the agreement Mexico will not receive further improvement in its water until the Congress enacts enabling legislation. It was understood in the negotiation of the agreement that every effort would be made to expedite the legislative process. Mexican officials are already concerned that we have required so much time to prepare a legislative package for the Congress. It is incum-

bent on all to move swiftly on all steps relating to the legislation.

The Office of Management and Budget advises that enactment of this legislation is in accord with the President's program.

Sincerely yours,

STANTON D. ANDERSON,  
Acting Assistant Secretary for Congressional Relations, Department of State.  
JOHN C. WHITAKER,  
Under Secretary, Department of the Interior.

#### SECTION-BY-SECTION ANALYSIS

This draft bill is strictly limited to the measures believed necessary to enable the United States to carry out the definitive settlement of the salinity problem concluded with Mexico on August 30, 1973. That agreement, incorporated in Minute No. 242 of the International Boundary and Water Commission, was concluded pursuant to Article 24 of the 1944 Water Treaty, which provides that the Commission "shall have, in addition to the powers and duties otherwise specifically provided in this Treaty, the following powers and duties:

(d) To settle all differences that may arise between the two Governments with respect to the interpretation or application of this Treaty, subject to the approval of the two Governments . . ." The treaty also provides in the same article that the Commission shall have the power and duty "To construct the works agreed upon or to supervise their construction and to operate and maintain such works or to supervise their operation and maintenance, in accordance with the respective domestic laws of each country." The Protocol to the treaty, an integral part of it, provides that "The works to be constructed or used on or along the boundary, and those to be constructed or used exclusively for the discharge of treaty stipulations, shall be under the jurisdiction of the Commission or of the respective Section . . .", but that "In carrying out the construction of such works the Sections of the Commission may utilize the services of public or private organizations in accordance with the laws of their respective countries." The Protocol further provides regarding works ". . . which are situated wholly within the territory of the country of that Section, and which are to be used only partly for the performance of treaty provisions, such jurisdiction shall be exercised, and such functions, including the construction, operation and maintenance of the said works, shall be performed and carried out by the Federal agencies of that country which now or hereafter may be authorized by domestic law to construct, or to operate and maintain, such works."

Because the works and other measures authorized by this bill are proposed with the objective of fulfilling the obligations undertaken by the United States in the settlement with Mexico, the bill would authorize the U.S. Section of the Commission to construct, operate and maintain the works required. The U.S. Section would exercise general control and supervision to ensure fulfillment of the agreement, with the actual construction, operation, and maintenance responsibilities for some of the proposed measures carried out by other Federal agencies, principally the Department of the Interior, in order to use most efficiently existing resources and technical capabilities within the Federal Government.

It is stipulated in the agreement that "It shall enter into force upon . . . [approval of both Governments by exchange of Notes]; provided, however, that the provisions which are dependent for their implementation on the construction of works or on other meas-

ures which require expenditure of funds by the United States, shall become effective upon the notification by the United States to Mexico of the authorization by the United States Congress of said funds, which will be sought promptly." The Department interprets this provision to mean that when the Congress enacts authorizing legislation, the agreement will come fully into force, subject of course to any conditions appearing in the individual provisions of the agreement.

Section 1(a) provides for the construction, operation, and maintenance of a desalting complex to enable the United States to comply with the terms agreed upon in Minute No. 242, which will result in the delivery by the United States to Mexico above the latter's main diversion structure, Morelos Dam, of Colorado River waters of a quality similar to that delivered to the next upstream major users in the United States. Specifically, the desalting complex is intended to assure that waters delivered to Mexico upstream of Morelos Dam will have an average annual salinity of no more than 115 parts per million (ppm), plus or minus 30 ppm, over the average annual salinity of Colorado River waters arriving at Imperial Dam, located about 27 miles upstream, which is the last major point of diversion on the Colorado River in the United States.

The desalting complex includes: (1) a desalting plant to reduce the salinity of drain water from the Wellton-Mohawk Division of the Gila Project, Arizona, including a pretreatment plant for settling and filtration of the drain water to be desalinated; (2) the appurtenant works including the intake pumping plant system, product waterline, power transmission facilities and permanent operating facilities; (3) associated facilities including roads and a railroad spur; (4) the extension of the existing bypass drain to carry the reject stream from the desalting plant and other Wellton-Mohawk drainage waters through the United States and Mexico to the Gulf of California; and (5) the replacement of a metal flume in the existing main outlet drain extension with a concrete siphon. Tentatively, the desalting plant is to be designed to treat 144,000 acre-feet per year of 3100 ppm Wellton-Mohawk drain water to result in 101,000 acre-feet of 240 ppm usable product and 43,000 acre-feet of 9600 ppm reject water. The plant is to be designed to operate at 90% of design capacity. Using advanced technology commercially available, it will effect recovery initially of at least 70% of the drain water as product and with a minimum reduction of at least 90% of the dissolved solids in the feed water.

A considerable quantity of electrical power and energy will be required to operate the desalting complex. Sources of electrical power supply will be sought that will not diminish the supply of power to preference customers from the Federal Parker-Davis Projects, since this project is proposed for international purposes and, therefore, is not subject to the privileges of Reclamation Law.

Product water would be blended with the remaining 31,000 acre-feet per year of the Wellton-Mohawk drain water to produce a stream of 132,000 acre-feet per year of water of the same quality as that at Imperial Dam, now 850 ppm, which can be introduced into the Colorado River and delivered to Mexico within the salinity differential established in the salinity agreement. The optimum location and size of the desalting plant will be determined in the design stage.

After the desalting complex is in operation, there may become available surplus capacity in the desalting plant over that needed for the purposes of this Act. In that event it may be possible to use some of the product water from the plant for domestic water supply without inhibiting the U.S. Section's ability to meet obligations under the international agreement. The desalinated water used for municipal and industrial

water supply in the United States would be exchanged for other water at appropriate prices, terms and conditions, with the revenues from such exchange deposited in the U.S. Treasury as miscellaneous receipts.

The reject stream from the desalting plant would be kept separate and conveyed southward by a new concrete-lined drain to the international boundary and thence through Mexico to the Santa Clara Slough on the Gulf of California. If construction can begin in fiscal year 1975, the complex should be completed and operational by the end of 1978.

Section 1(b), (c), (d), and (e) would authorize a combination of measures to reduce the quantity of drain water pumped from the Wellton-Mohawk Irrigation and Drainage District and treated by the desalting plant and thereby reduce the plant's size and cost. The objective is to reduce the quantity of the District's drain water from about 220,000 acre-feet per year to not more than 175,000 acre-feet per year to enable a 20% reduction in the required desalting capacity. This is to be achieved by the optimum combination of improvements in irrigation efficiencies and a reduction in the authorized irrigation area of the Wellton-Mohawk Division. A cooperative program to improve efficiency is already under way in the District sponsored by the Departments of the Interior and Agriculture and EPA. Sections (b) and (d) of the bill would authorize acceleration and expansion of that program, to include assistance to water users in the District in installing onfarm system improvements to advance irrigation efficiency in order that its potential might be realized in time to enable a reduction in the size and cost of the desalting plant. These improvements will include advanced management practices such as the use of scientific methods for determining irrigation scheduling, and onfarm system improvements including ditch lining, changes in field layout and size, use of sprinklers, or automated irrigation methods. To the extent such work or modification produces local benefits, the water users will bear the cost thereof. No Federal expense would be incurred to pay the costs that water users would have to pay in any event to satisfy the requirements of the Federal Water Pollution Control Act, as amended, or to provide direct benefits to individual water users.

Pursuant to that Act, the Environmental Protection Agency is expected to establish effluent limitation guidelines and require permits for certain irrigation return flows. Some drainage flows from the Wellton-Mohawk Project, therefore, may be required to receive a certain measure of treatment, utilizing the best pollution control technology available at that time, before they can be returned to the river. It is not intended that the measures proposed in this bill for international purposes will relieve the irrigation district of any obligations it may incur as a result of future domestic water pollution control policies.

Further, to reduce the volume of saline drain water required to be processed by the desalting plant, section (c) authorizes a reduction in the existing authorized 75,000 irrigable acres in the Wellton-Mohawk Division through Federal purchase or exchange of lands. Initially, about 10,000 acres would be acquired, of which 3800 acres are undeveloped Federal lands and 6200 acres are State and private lands, of which 2500 acres are developed. If it is determined that the irrigable acreage must be reduced below 65,000 acres, additional developed acreage is authorized to be acquired. All such acquisitions would be at Federal expense, and the existing repayment obligation allocable to eliminated irrigation acreage would be declared non-reimbursable.

Section (e) provides for an appropriate reduction in the repayment obligation of the District due to the United States to take into consideration such increase that the pur-

chase and hence reduction in the authorized irrigable acreage may have in the cost per acre of operation and maintenance of the irrigation system.

Section (f) relates to the plan to construct a new concrete-lined canal or to line a 49-mile reach of the existing Coachella Canal in southern California, to effect a savings of about 132,000 acre-feet per year, now lost by seepage, for temporary use by the Federal Government. Water for the Coachella Valley County Water District is diverted from the Colorado River at Imperial Dam and conveyed to the Coachella Valley through the All-American Canal and the Coachella Canal. These facilities were completed by the Bureau of Reclamation in 1948 and supply irrigation water for about 67,000 acres in the Coachella Valley. Conveyance losses from the first 49-mile reach of unlined canal currently average about 141,000 acre-feet annually. The savings of an estimated 132,000 acre-feet annually to be effected by a lined canal represents a part of California's entitlement from the Colorado River.

The Federal use of the saved waters would consist (1) until the desalting plant comes on stream, of supplying a part of the water that must be delivered to Mexico in substitution for bypassed Wellton-Mohawk drainage; and (2) after the desalting plant is operational, of restoring to the Colorado River Basin the water borrowed from the Basin's storage reservoirs as substitution water for Mexico from the time the agreement enters into force to the time the desalting plant is completed.

Because it is envisaged that the Federal Government would use the saved water during the early years of operation of the lined canal, but in no event beyond the time when California would want to use the saved water, the cost of lining should be shared by the Federal Government and the Coachella Valley County Water District on the basis of each entity's use of the water. Under section (f) the U.S. Section and the Bureau of Reclamation would be able to join with the Coachella District in a contract providing for that District to reimburse the Federal Government for the lining over a 40-year period, and for the U.S. Section to relieve the District of reimbursement during that period when the Federal Government makes use of the water to implement the terms of Minute No. 242 and this bill.

Section 1(g) provides for a reduction in the repayment obligation of the Imperial Irrigation District to take into consideration that the District can relinquish its rights to the capacity of 1000 cubic feet per second in the existing 49-mile reach of the Coachella Canal and in the All-American Canal. This would enable the Federal Government to reduce the capacity of the reconstructed lined section of the Coachella Canal from 2500 cubic feet per second to 1500 cubic feet per second, and thereby realize a material saving in the cost of the reconstruction. The Imperial Irrigation District would be compensated through modification of its repayment contract.

Under Section 1(h), as a further consideration relating to the reduction in the capacity of the Coachella Canal and the resulting saving in the reconstructed lined section, the Federal Government may acquire the approximately 3800 acres of undeveloped private lands which could have been served by the 1000 cubic feet per second canal capacity in the existing Coachella Canal. The cost associated with the acquisition of these lands will be included as a part of the total costs of the Coachella Canal lining, and Federal reimbursement will be based on the terms of the repayment contract, since both the Federal Government and the Coachella District will benefit from savings in construction costs due to the reclamation of these lands.

The estimated total installation cost of lining the Coachella Canal, including right-

of-way costs and land costs, amounts to \$21,450,000. The Department of the Interior is authorized to perform this work, and funds will be requested as a part of its appropriation.

Section 1(i) authorizes the acquisition of lands in the reservoir of the existing Painted Rock Dam on the Gila River, as may be necessary, to enable its operation to fulfill the agreement with Mexico in Minute No. 242. This dam was constructed by the Corps of Engineers solely for the control of floods. There was acquired essentially a flowage easement, and the operating procedures envisioned the capture of flood flows, their temporary regulation, and early release. However, this operation results in the infiltration of water into the groundwater at the Wellton-Mohawk District and an increase in the amount of drainage that must be pumped from the District and discharged to the Colorado River. This increase can be largely, if not entirely, overcome by retaining floodwaters in the Painted Rock Reservoir and making smaller releases over a period of many months. To enable this modification in operations, Section 1(i) authorizes the acquisition of such additional interest in lands in the reservoir as may be necessary to prevent impairment of operations under the agreement with Mexico. Acquisition would be made only after the existing legal rights of the Federal Government in the said lands are clarified.

Section 2 is intended to require reduction to a minimum of the costs associated with the bill. For example, it is necessary to achieve the most cost-effective combination of reduction in Wellton-Mohawk drain waters and size of the desalting plant. The most cost-effective means may be to reduce the quantity of drain water from the District somewhat below 175,000 acre-feet annually, permitting a smaller desalting plant. Further, investigations are proposed to increase the efficiency of the desalting plant to enable a smaller and less costly plant. The lands in Painted Rock Reservoir would be acquired only if necessary to perform its operation in a manner to ensure compliance with the agreement with Mexico. This section also provides that the Federal Government shall bear all costs associated with carrying out the provisions of the Act, except as specified in the Act, and except that the water users will not be relieved of costs required for compliance with the Federal Water Pollution Control Act, as amended.

Section 3 relates to the reject stream from the desalting plant and other normal Wellton-Mohawk drain waters bypassed to the Santa Clara Slough on the Gulf of California and not replaced from other sources. Section 202 of the Colorado River Basin Project Act (82 Stat. 886) provides that the satisfaction of the requirements of the Mexican Water Treaty from the Colorado River constitutes a national obligation which shall be the first obligation of any water augmentation project authorized for the Basin. This section of the bill ensures that the reject stream and other normal Wellton-Mohawk drain waters bypassed to the Santa Clara Slough will be included in this replacement obligation. The other normal Wellton-Mohawk drain waters would comprise only those essential to avoid crop damage. Periods of surplus water are excepted because when there is surplus water, the reject stream and the bypassed drain water would not constitute a loss to the Colorado River Basin.

Under the Water Treaty a period of surplus waters exists when, as determined by the U.S. Section of the Commission, the waters of the Colorado River are in excess of the amount necessary to supply uses in the United States and the guaranteed Mexican allotment of 1.5 million acre-feet annually. This section provides that studies to identify feasible measures to provide adequate replacement water shall be completed not later than June 30, 1980, and that replacement of these waters shall begin when aug-

mentation of the Colorado River begins. As stated earlier, water borrowed from reservoir storage on the Colorado River during the interim period when Wellton-Mohawk drain waters are bypassed, and until completion of the desalting plant, will be paid back by the Federal Government by use of the water saved by lining of a part of the Coachella Canal.

Section 4 authorizes appropriation of such sums as may be necessary to carry out this Act. There is initially requested an appropriation of \$94,575,000 for the construction and other measures authorized by this bill. This estimate is based on 1973 prices. In approximate figures, the desalting plant and associated facilities would cost \$80,550,000, of which \$45,900,000 would be for the plant and appurtenant works, \$16,150,000 would be for the pretreatment function, and \$18,500,000 would be for support facilities, including the drain to the Gulf of California. The estimated cost of acreage reduction and on-farm irrigation improvements is \$10,500,000, with an additional \$2,000,000 allowed for the irrigation efficiency program. General supervision is estimated at \$1,525,000.

The estimate of \$5,000,000 for the possible acquisition of lands at Painted Rock Dam is not included in the total figure because at this time it is not known if and when the funds will be required.

The estimated cost of the Coachella Canal lining is \$21,450,000. It is not included in this authorization because it is separately authorized to the Department of the Interior, and that Department will seek this amount in its annual appropriation.

Section 5 provides a title for this bill.

[International Boundary and Water Commission, United States and Mexico]

MEXICO, D.F., August 30, 1973.

MINUTE NO. 242

PERMANENT AND DEFINITIVE SOLUTION TO THE INTERNATIONAL PROBLEM OF THE SALINITY OF THE COLORADO RIVER

The Commission met at the Secretariat of Foreign Relations, at Mexico, D.F., at 5:00 p.m. on August 30, 1973, pursuant to the instructions received by the two Commissioners from their respective Governments, in order to incorporate in a Minute of the Commission the joint recommendations which were made to their respective Presidents by the Special Representative of President Richard Nixon, Ambassador Herbert Brownell, and the Secretary of Foreign Relations of Mexico, Lic. Emilio O. Rabasa, and which have been approved by the Presidents, for a permanent and definitive solution of the international problem of the salinity of the Colorado River, resulting from the negotiations which they, and their technical and judicial advisers, held in June, July and August of 1973, in compliance with the references to this matter contained in the Joint Communiqué of Presidents Richard Nixon and Luis Echeverría of June 17, 1972.

Accordingly, the Commission submits for the approval of the two Governments the following:

RESOLUTION

1. Referring to the annual volume of Colorado River waters guaranteed to Mexico under the Treaty of 1944, of 1,500,000 acre-feet (1,850,234,000 cubic meters):

(a) The United States shall adopt measures to assure that not earlier than January 1, 1974, and not later than July 1, 1974, the approximately 1,360,000 acre-feet (1,677,545,000 cubic meters) delivered to Mexico upstream of Morelos Dam, have an annual average salinity of no more than 115 p.p.m.  $\pm$  30 p.p.m. U.S. count (121 p.p.m.  $\pm$  30 p.p.m. Mexican count) over the annual average salinity of Colorado River waters which arrive at Imperial Dam, with the understanding that any waters that may be delivered to Mexico under the Treaty of 1944 by means of the All American Canal shall be

considered as having been delivered upstream of Morelos Dam for the purpose of computing this salinity.

(b) The United States will continue to deliver to Mexico on the land boundary at San Luis and in the limnophore section of the Colorado River downstream from Morelos Dam approximately 140,000 acre-feet (172,689,000 cubic meters) annually with a salinity substantially the same as that of the waters customarily delivered there.

(c) Any decrease in deliveries under point 1(b) will be made up by an equal increase in deliveries under point 1(a).

(d) Any other substantial changes in the aforementioned volumes of water at the stated locations must be agreed to by the Commission.

(e) Implementation of the measures referred to in point 1(a) above is subject to the requirement in point 10 of the authorization of the necessary works.

2. The life of Minute No. 241 shall be terminated upon approval of the present Minute. From September 1, 1973, until the provisions of point 1(a) become effective, the United States shall discharge to the Colorado River downstream from Morelos Dam volumes of drainage waters from the Wellton-Mohawk District at the annual rate of 118,000 acre-feet (145,551,000 cubic meters) and substitute therefor an equal volume of other waters to be discharged to the Colorado River above Morelos Dam; and, pursuant to the decision of President Echeverría expressed in the Joint Communiqué of June 17, 1972, the United States shall discharge to the Colorado River downstream from Morelos Dam the drainage waters of the Wellton-Mohawk District that do not form a part of the volumes of drainage waters referred to above, with the understanding that this remaining volume will not be replaced by substitution waters. The Commission shall continue to account for the drainage waters discharged below Morelos Dam as part of those described in the provisions of Article 10 of the Water Treaty of February 3, 1944.

3. As a part of the measures referred to in point 1(a), the United States shall extend in its territory the concrete-lined Wellton-Mohawk bypass drain from Morelos Dam to the Arizona-Sonora international boundary, and operate and maintain the portions of the Wellton-Mohawk bypass drain located in the United States.

4. To complete the drain referred to in point 3, Mexico, through the Commission and at the expense of the United States, shall construct, operate and maintain an extension of the concrete-lined bypass drain from the Arizona-Sonora international boundary to the Santa Clara Slough of a capacity of 353 cubic feet (10 cubic meters) per second. Mexico shall permit the United States to discharge through this drain to the Santa Clara Slough all or a portion of the Wellton-Mohawk drainage waters, the volumes of brine from such desalting operations in the United States as are carried out to implement the Resolution of this Minute, and any other volumes of brine which Mexico may agree to accept. It is understood that no radioactive material or nuclear wastes shall be discharged through this drain, and—that the United States shall acquire no right to navigation, servitude or easement by reason of the existence of the drain, nor other legal rights, except as expressly provided in this point.

5. Pending the conclusion by the Governments of the United States and Mexico of a comprehensive agreement on groundwater in the border areas, each country shall limit pumping of groundwaters in its territory within five miles (eight kilometers) of the Arizona-Sonora boundary near San Luis to 160,000 acre-feet (197,358,000 cubic meters) annually.

6. With the objective of avoiding future problems, the United States and Mexico shall consult with each other prior to undertaking any new development of either the surface

or the groundwater resources, or undertaking substantial modifications of present developments, in its own territory in the border area that might adversely affect the other country.

7. The United States will support efforts by Mexico to obtain appropriate financing on favorable terms for the improvement and rehabilitation of the Mexicali Valley. The United States will also provide nonreimbursable assistance on a basis mutually acceptable to both countries exclusively for those aspects of the Mexican rehabilitation program of the Mexicali Valley relating to the salinity problem, including tile drainage. In order to comply with the above-mentioned purposes, both countries will undertake negotiations as soon as possible.

8. The United States and Mexico shall recognize the undertakings and understandings contained in this Resolution as constituting the permanent and definitive solution of the salinity problem referred to in the Joint Communiqué of President Richard Nixon and President Luis Echeverria dated June 17, 1972.

9. The measures required to implement this Resolution shall be undertaken and completed at the earliest practical date.

10. This Minute is subject to the express approval of both Governments by exchange of Notes. It shall enter into force upon such approval; provided, however, that the provisions which are dependent for their implementation on the construction of works or on other measures which require expenditure of funds by the United States, shall become effective upon the notification by the United States to Mexico of the authorization by the United States Congress of said funds, which will be sought promptly.

Thereupon, the meeting adjourned.

J. F. FRIEDKIN,  
Commissioner of the United States.

Commissioner of Mexico.  
F. H. SACHSTEDER, Jr.,  
Secretary of the United States Section.

FERNANDO RIVAS,  
Secretary of the Mexican Section.

By Mr. HASKELL:

S. 3095. A bill to amend the Internal Revenue Code of 1954 to deny treatment as a foreign tax payment to any royalty payment made in connection with the extraction of oil or gas from a foreign country and to provide a means of determining what part of any payment constitutes the payment of a royalty. Referred to the Committee on Finance.

FOREIGN TAX CREDITS AND INCOME TAX FAIRNESS

Mr. HASKELL. Mr. President, 1 month ago I spoke on the Senate floor of my grave concern with the adequacy of the so-called "windfall profits" provision of the Energy Emergency Act. I suggested at that time that the most effective manner in which to distribute more evenly the burden of the energy crisis would be the imposition of an excess profits tax on the profits of multinational oil companies and the establishment of meaningful price controls on domestic oil operations. At the same time, I spoke of the need to address ourselves once and for all to the question of the overall tax treatment of the oil industry. Every tax loophole, Mr. President, means that the American people as a whole must bear a greater tax burden.

One of those loopholes which I mentioned a month ago is the foreign tax credit provision. Today, I am introducing the first of several bills—the first long overdue step—to reform the tax treatment accorded this industry without apparent justification.

The legislation that I am introducing today will prohibit the multinational oil companies from taking a tax credit for amounts paid to a foreign government that are, in reality, a royalty payment rather than a tax on the companies' income.

Under present law, taxes paid to foreign governments generate a dollar for dollar tax credit against U.S. taxes on the theory that double taxation of corporate income—taxation by both the foreign government and the United States—would be inappropriate. That, in my judgment, is a legitimate consideration. Total elimination of the foreign tax credit would put our corporations operating abroad at an extreme competitive disadvantage compared to foreign corporations that would not be subject to a double taxation. I accept the principle that foreign tax payments should be credited against the tax liability that a corporation pays in the United States.

However, the major method by which foreign tax credits provide a special benefit to the multinational oil industry is the practice of crediting royalty payments in the guise of an income tax. No other industry, no individual, is allowed to treat royalty payments as though they were an expense that is creditable against U.S. taxes. Royalties are nothing more than a cost of doing business. For every other taxpayer in this country, those royalty payments can only be deducted from gross income. But, for the multinational corporation they can be credited against taxes due the U.S. Government. This practice is one of the several reasons that major corporations like Standard Oil of California, Texaco, and Gulf Oil Cos., each of which has income in the range of \$1 billion, paid income taxes in 1971 of less than 3 percent of their gross income. I need not remind my colleagues that our constituents pay an average tax of 16 percent of their incomes—and not too many of these American families are earning a billion dollars a year.

This practice of crediting royalty payments against Federal tax liability has, in recent weeks, been studied and questioned by my very distinguished colleague from Idaho, Mr. CHURCH. I have been following with great interest and admiration his vigorous investigation of the source of and rationale for this unwarranted tax break. I applaud Senator CHURCH and his Subcommittee on Multinational Corporations for bringing this matter to the attention of the American public and the Congress.

The bill which I am introducing today is straightforward. It prohibits corporations from taking a tax credit for any payment to a foreign government that is a royalty payment. The bill directs the Secretary of the Treasury to apply certain standards in the determination of

whether payments to foreign governments are royalties or taxes. And it authorizes him, in certain situations, to formulate additional standards for this purpose.

The bill applies only to the income of petroleum related corporations operating abroad. The Committee on Finance may well desire to inquire into the appropriateness and necessity of expanding the coverage of income to other corporate activities abroad.

The application and enforcement of this proposed amendment to the foreign tax credit provisions of the code should pose no problem to the Internal Revenue Service. The Service may, if necessary, choose to examine and place royalty values on foreign wells just as it now values closely held stock and unique assets in a decedent's estate.

I intend to offer additional legislation affecting this area of the code in the near future, including a bill to repeal the so-called "overall limitation" on the foreign tax credit, which allows a multinational to credit taxes paid to one country against income earned in another. I hope, though, that my colleagues on both sides of the aisle will give their support to this bill at this time and that the distinguished members of the Finance Committee will give favorable consideration to my proposal.

Without objection, Mr. President, I ask unanimous consent that the bill be printed in the RECORD at the conclusion of my remarks, together with my remarks of January 29, 1974, to which I previously referred.

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

S. 3095

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 903 of the Internal Revenue Code of 1954 (relating to definition of creditable taxes) is amended to read as follows:*

"(a) IN GENERAL.—For purposes of this subpart and sections 164(a) and 275(a), the term 'income, war profits and excess profits taxes' means a tax paid in lieu of a tax on income, war profits, or excess profits otherwise generally imposed by any foreign country or by any foreign possession of the United States.

"(b) ROYALTIES.—

"(1) IN GENERAL.—For purposes of this subpart and sections 164(a) and 275(a), in the case of taxes paid or accrued to any foreign country with respect to income derived from the extraction, production, or refining of oil or gas in such country, the term 'income, war profits, and excess profits taxes' does not include any amount paid as a royalty.

"(2) DETERMINATION BY SECRETARY OR HIS DELEGATE.—The Secretary or his delegate shall determine, in accordance with the provisions of paragraph (3), with respect to payments made to any foreign country in connection with income from the extraction, production, or refining of oil or gas in such country, what portion (if any) of that payment constitutes the payment of a royalty.

"(3) BASIC RULES.—In the case of any foreign country which imposes an income, war profits, or excess profits tax on income from activities other than the extraction, produc-

tion, or refining of oil or gas in that country, any part of a payment made to that country as an income, war profits, or excess profits tax which is not reasonably similar (in terms of the rate of tax, or of the amount of tax paid for the income or profits involved) to the amount payable with respect to income or profits arising out of other activities, as determined by the Secretary or his delegate, is considered to be a royalty payment. In the case of any other foreign country, any part of a payment made to that country as an income, war profits, or excess profits tax which is determined by the Secretary or his delegate, on account of the manner in which it is determined, the rate or amount involved, or any other reason, to constitute the payment of a royalty is considered to be a royalty payment.”

(b) Section 904(f)(4) of such Code (relating to transitional rules for carrybacks and carryovers) is amended by adding at the end thereof the following new subparagraph:

“(C) Carryovers to years beginning after December 31, 1973—

“(1) Whenever pre-1974 taxes are, under the provisions of subsection (d), deemed to be post-1973 taxes, the pre-1974 taxes shall be redetermined in accordance with the provisions of section 903(b) (relating to royalties) as if those provisions applied to the taxable year in which the pre-1974 taxes were paid or accrued.

“(ii) For purposes of this subparagraph, the term ‘pre-1974 taxes’ means taxes paid or accrued to any foreign country or possession of the United States in any taxable year ending before January 1, 1974, and the term ‘post-1973 taxes’ means taxes paid or accrued to any foreign country or possession of the United States in any taxable year beginning after December 31, 1973.”

Sec. 2. The amendments made by this Act apply with respect to taxable years beginning after December 31, 1973.

NATIONAL ENERGY EMERGENCY ACT OF 1973—  
CONFERENCE REPORT

Mr. HASKELL. Mr. President, a great deal of attention has been paid in the press and recently in the Congress to the enormous profits that major oil producers have been realizing since the energy problem became an energy crisis. The Congress has made an effort to address the problem in section 110 of the Energy Emergency Act. The matter continues, though, to be one of great concern to me because I am afraid that the Emergency Act fails to provide a solution, and, indeed, may in some cases do injustice to some of the small businessmen involved in oil production and sales.

As a general proposition, Mr. President, I agree that it is our duty to take a close and hard look at the profits being realized by the oil industry at a time when virtually all Americans must suffer in one way or another from the energy crisis. In times of crisis, the American people are brave and cooperative, but they are also accustomed to the principle that the burden of a crisis is to be shouldered equally by all. While everyone else in America must cope with a soaring rate of inflation, as well as the problems attendant to the energy crisis, there is something improper in a clearly unreasonable level of profiteering from these troubles by a single industry. The issue of windfall gains prompts us to consider the ways in which the good fortunes of the oil industry can be turned to the benefit of the country as a whole. We should be able to formulate a mechanism to return excess profits to consumers.

THE NEED FOR MEANINGFUL PRICE CONTROLS

I see the task before us as one involving a number of distinct, but interrelated concerns: Alleviation of the energy crisis, assurance that the suffering of the Nation is not

the unfair good fortune of a small few, and adjustment of some of the tax inequities that have been made even more apparent than they were before the energy crisis began. With these considerations in mind, I have carefully considered the legislation pending before us and I find it inadequate in some respects. Recognizing as I do that it would be unwise at this time to move for recommitment of the conference report, I do want to register my reasons for giving only qualified support to this report, and to propose what I believe to be an appropriate solution to the problems raised by the bill and which I am certain will demand our attention in the coming months.

In the year just past, the 21 major oil companies earned more profits than any other segment of the economy. Profits rose 61 percent last year over the year before, and may well increase another 60 percent in the year to come. At the same time, the oil industry was the recipient of bigger and better tax breaks than any other industrial sector, and of course, than the average American family. These tax breaks—the oil depletion allowance, the tax credit for so-called income taxes paid to foreign governments, and the writeoff allowed for intangible drilling costs—constitute indirect subsidies that, in part, are what is known as the “hidden budget” of the Federal Government, escaping as they do the continuous or at least periodic reevaluation that we conduct in the case of a direct Government subsidy. Thus we are today faced with a situation in which the American people must pay higher and higher prices for petroleum products, while the industry brings in more and more profits, in large part thanks to literally billions of dollars of Government subsidization through tax breaks that the industry has received in the years past. This is the situation with which the Energy Emergency Act fails to come to grips—more particularly, which section 110 of the act inadequately addresses.

Section 110 directs the President to exercise the price control authority delegated to him several times in the past. Additionally, it directs him to set price ceilings on petroleum products by reference to a specific definition of “windfall profits” and gives authority to the Renegotiation Board to determine by rule or order whether prices charged by the industry are leading to windfall profits. In the event that there are windfall profits, the Board has a wide range of powers to rectify “gouging,” including the power to order a refund of the excess profit. On its face, the provision makes sense. In reality, it is unworkable and will lead to a double injustice. On the one hand, section 110 fails to address the fact that multinational oil industries are capable of finding many pockets in which to hide excess profits from the tax collector. The same profits will be hidden from the Renegotiation Board. On the other hand, the act applies indiscriminately to the petroleum industry; to Gulf and Exxon, to the one-well independent oil producer, to the corner gas station. Thus, the reality is that the biggest and most profitable of the oil companies, the multinationals, will likely escape the sanctions that may be imposed under section 110, while small independents or the single station owners will be subject to the act since they have nowhere to hide their “excess” profits. Furthermore, it is the independent that is the source of exploration in the industry.

The excess profits of the truly domestic segments of the oil industry can be controlled very easily through a meaningful program of price control—controls that do not exempt new oil or stripper wells. We could avoid the administrative nightmares that section 110 is likely to give the understaffed Renegotiation Board through a serious and

comprehensive effort to control prices. Refunds would not be necessary for the simple reason that the prices would not be excessive. By a meaningful price control effort, I mean a rollback of the prices currently being paid for both new and old oil. New oil, exempted from price controls at this time, is bringing \$10 a barrel, while the increases that have been allowed by the Cost of Living Council to old oil have pushed its cost from about \$3.90 a barrel last year to at least \$5.25 a barrel today, a 35 percent increase. An important consideration, of course, is the effect of such a rollback on the future of energy exploration. I am confident that an appropriate balance between price protection to the public and a continued incentive to exploration can be achieved. Only last October 24, when the price of old crude oil was \$4.25 a barrel and the price of new crude was about \$5.50, the chairman of the Standard Oil Co. of Indiana, stated that:

“Recent increases in the prices of domestic crude oil and natural gas have provided additional incentives and additional funds for intensified exploration for new supplies of oil and gas.”

And, the Petroleum Independent, the magazine published by the Independent Petroleum Association, in its November 1973 issue reported this comment by a producer-geologist:

“There’s no doubt that prospects are for increased drilling. . . . With new oil prices from \$5.30 to \$6 a barrel, there’s incentive now to go looking for oil.”

What these statements indicate is that long before—very long before—the price of new crude reached \$10 a barrel, sufficient incentive existed to explore new sources. Clearly, there is room for a rollback.

What price controls in general, and section 110 of the legislation before us cannot do is to effectively control the prices of oil that moves through the hands of the multinational corporations. The processes through which these corporations hide their profits, or turn them into “costs,” take many forms. For example, the multinationals commonly own the transportation systems that move their oil. A shipping subsidiary might fly a foreign flag for the purpose of taking advantage of that nation’s absence of an income tax. Or, a multinational might own foreign producers such as the Aramco Corporation, whose stockholders are Exxon, Texaco, Mobil, and Standard of California. These stockholders set the price at which the oil is sold, and since they get back whatever they pay in dividends, they do not care how high the price is. The foreign subsidiary thus can take the profit, while the ultimate corporate stopping point, the U.S. side of the operation, has a higher cost basis for the products it sells to the American people. In this way, much of the multinational’s own inflated costs are in reality the higher prices that they have charged themselves abroad and passed on to the American people. Form, not substance, is the name of the game in oil company accounting practices—and, unfortunately, in the tax treatment of the oil industry by the Internal Revenue Service.

Not surprisingly, it is just these companies, the multinationals, that are the biggest profit-makers. Standard of California’s profit rose 54.3 percent last year. Exxon’s rose 59.3 percent and Gulf Oil’s rose 86.5 percent. It is just these corporations that will be able to escape the potential sanctions of the windfall profits section of the legislation before us today.

Thus, Mr. President, under the first of the criteria that I have used to evaluate the effectiveness of this legislation, its ability to limit prices and spread the burden of the crisis more fairly, section 110 must be regarded as an inadequate answer. Price control can be

meaningful, under this legislation, only as far as the physical borders of the Nation. The biggest profitmakers will remain relatively unburdened and profitable beyond their needs. Equally as distressing, though, in my judgment, is the utter failure of the legislation to strike a balance between profitmaking and energy development or to address the pressing issue of overall tax equity in our treatment of the petroleum industry.

#### EXPLORATION INCENTIVES

While the legislation before us contains a number of provisions aimed at energy conservation and development, the windfall profits section of the act, I feel, fails to take account of the delicate balance that must be struck between retaining and incentive to development and eliminating any unfair and unnecessary profit margins. Again, it is the small independent producer that shoulders a disproportionate burden in the exploration field. Since the act aims itself principally at this side of the industry for the reasons heretofore discussed, I think it would have been appropriate to spell out in greater detail than has been done in section 110 just how that balance ought to be struck.

I am convinced that only a combination of meaningful price controls on the domestic side of the industry and a carefully tailored excess profits tax on the multinationals will serve to accomplish the goals of this legislation. I have begun to work on such excess profit legislation, and hope to be able to introduce it in the Senate sometime in the very near future.

I should point out that I am well aware of the pitfalls posed by the concept of an excess profits tax. I realize the difficulty of definition that is presented by the term "excess profit," and I recognize that it is the responsibility of the Congress, not the Internal Revenue Service, to define it with precision. But, when all things are considered, I am convinced that this is the only approach that we can take to bring within the rubric of the regulation we are today considering the multinational oil industry. I find no comfort in effective control on the prices of domestic oil, while the biggest of our suppliers escape, not only price controls, but also any meaningful form of income taxation.

#### THE NEED FOR INCOME TAX FAIRNESS

What I am today suggesting is a tax patterned on the excess profits tax that was in operation during the Korean war. Its focus will be the multinational oil companies, and in operation, it will assure that, at least for purposes of this tax, the interest that a multinational corporation has in a foreign subsidiary will be reflected in the tax base utilized. In essence, the profits that a multinational oil company pockets in a foreign subsidiary, are not unlike income that an individual deferts to other recipients—and income of this nature is taxable to the primary recipient, by virtue of the control that is exercised over the flow of funds.

I intend to combine with this tax proposal an amendment to the present Internal Revenue Code treatment of the industry. Under the code, taxes paid to foreign governments are regarded as generating a dollar-for-dollar tax credit for purposes of U.S. taxes, on the theory that double taxation of income is inappropriate. That principle is quite justifiable where true taxes are involved. However, the Internal Revenue Service allows an oil company to treat what are really royalty payments to a foreign nation as though they were income taxes, I shall propose to eliminate this practice. No other industry, no individual, is allowed to treat a royalty as though it were an income tax. Royalties are essentially a cost of doing business, and, hence, should generate nothing more than an ordinary deduction. Treatment of the oil

industry just as we treat everyone else in this respect is a long overdue first step in reform of the tax treatment accorded this industry without apparent justification.

Finally, Mr. President, I intend to vote for the Energy Emergency Act not because I like the form of its windfall profits section, but because I believe it will be helpful in finally forcing the needed rollback in domestic prices and excess profits tax on the multinationals that I have described. I am afraid that defeat of this act will serve only to delay the truly effective legislation that is needed to deal with the energy emergency.

By Mr. CRANSTON (for himself, Mr. NUNN, Mr. BIBLE, Mr. McINTYRE, Mr. WEICKER, Mr. JAVITS, Mr. PROXMIRE, Mr. HATHAWAY, Mr. JOHNSTON, Mr. TOWER, Mr. WILLIAMS, and Mr. TALMADGE):

S. 3096. A bill to amend the Small Business Act to provide for loans to small business concerns affected by the energy shortage. Referred to the Committee on Banking, Housing and Urban Affairs.

#### SMALL BUSINESS EMERGENCY ENERGY BILL

Mr. CRANSTON. Mr. President, the immediate months ahead will be particularly important as the Nation and the Congress deal with measures to improve the economic health of all segments of our society. In this process, business generally and the Nation's 8½ million small businesses particularly should play a vital role. When we consider that small business nationwide provides employment for some 40 million people, contributes some 40 percent of the country's gross national product, and represents more than 95 percent of all business, the economic significance of the total small business community is obvious. Small business has been hard hit by the economic downturns over the several years and in particular by the energy crisis. For instance, profits of smaller manufacturers were down almost 20 times as much as bigger companies last year. It is at times like this when small business needs some special consideration and help.

If one company shuts down because of a fuel problem, others, even if they have fuel, may have to close up because parts and supplies are unavailable. Some markets depend on the rate of increase in other parts of the economy. Along with the decrease in the supply of fuel for heating homes, residential construction, whose activity is largely to increase the stock of homes, are experiencing a sharp reduction in its markets. Those who specialize in building motels in recreation areas also experience a sharp drop. We see the domino effect of the energy crisis on our businesses and we have seen only the tip of the iceberg.

Those who will feel the hardest economic squeeze are the same groups and individuals who always lose in a low-scoring economic ballgame—the poor, the minorities, and the small businesses—the very groups who have the fewest resources to survive on smaller and smaller incomes and margins of profit.

Last month, Senator MONDALE and I held hearings in Los Angeles to determine the impact that the energy crisis had had and will have on unemployment in California. In California right now some 700,000 people are out of work, an unemployment rate of 7.3 percent. Experts are predicting that that rate could rise as high as 8 percent or even 8.5 percent in 1974 due to energy-related problems.

A survey of the Los Angeles Times developed the following examples of present and projected hardship resulting from the energy crisis:

The Los Angeles Department of Water and Power has implemented a mandatory 10-percent cutback of electricity usage.

The State public utilities commission is asking for a 15-percent cutback in industrial electrical usage.

Unemployment in heavily industrialized Compton is up from 9 percent in December to 12 percent in January.

Attendance at some of southern California's top tourist attractions, such as Marineland and the *Queen Mary*, are off by as much as 50 percent.

Hotel/motel and related tourist businesses have already begun to suffer around the State. In the Morro Bay-Pismo Beach area, business is off as much as 25 percent. In San Luis Obispo, room-occupancy figures are down 10 to 20 percent. In San Diego, attendance is off 10 percent or more at the San Diego Zoo and Sea World. And two major conventions to be held there totaling 5,000 to 6,000 delegates have been cancelled because of the energy crisis.

Pacific Southwest Airlines—PSA—the States' major commuter airline, has already laid off 500 workers in one of the largest energy-related cutbacks. Air traffic at Orange County Airport, the Nation's busiest in the number of takeoffs and landings, has dropped off by 10 to 15 percent.

Major Los Angeles industries already feeling the direct results of fuel shortages include: retail and wholesale petroleum marketing, air transportation, shipping, and plastics molding and fabrications. Early impacts are showing up among manufacturers of products dependent on fuels: air frame construction, automobile manufacturing and sales, and other transportation equipment, and recreational vehicle manufacturing and sales.

One of the hardest hit victims of the fuel crisis is the tourist industry. Nationally, the tourist industry yielded some \$61 billion last year. In 1972, 114 million of America's 209 million people traveled 370 billion miles on trips of 100 miles or more. On the average trip, \$82 was spent—\$32 on transportation, \$14 on lodging, \$17 on food, and \$19 on other miscellaneous expenses. California led the Nation in tourist income in 1972—travelers spent \$4.1 billion in the Golden State.

Incredibly, 70 percent of all tourist travel is by automobile. Thus, without gasoline for vacation and week-end

travel, the backbone of the entire tourist industry is broken. The ripple effect of this is only beginning to be felt.

Independent truckers, gasoline retailers, hotel and motel and restaurant owners, small plastics processors and manufacturers, automobile and recreational vehicle dealers, and a host of other small businesses are facing a bleak future. As energy-related costs skyrocket, thousands and thousands of small businessmen will be forced to close their doors unless Federal assistance is forthcoming.

In an effort to provide some Federal assistance, I am introducing a bill to provide loans and refinancing to small business concerns seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed material resulting from such shortage. This bill will provide some relief for those small businesses that have a proven track record prior to the energy crisis. It will help meet the mortgage payments or rent payment or working capital for salaries until the crisis breaks. It will help spread out some of his debt over a longer term to up his cash flow in a time of need. This bill is not intended as a panacea for all the problems that small businessmen are experiencing as a result of the energy crisis. Hopefully, it will provide an avenue for small business concerns to obtain assistance during the critical months ahead as they attempt to adjust to the new requirements imposed by the energy crisis.

I ask unanimous consent that the text and an analysis of the bill be printed in the RECORD.

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

S. 3096

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SEC. 1. Section 7(b) of the Small Business Act is amended by striking out the period at the end of paragraph (7) and inserting in lieu thereof " ; and" and by adding immediately after paragraph (7) the following new paragraph:

"(8) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist, or refinance the existing indebtedness of, any small business concern seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed materials resulting from such shortages, if the Administration determines that such concern has suffered or is likely to suffer substantial economic injury without assistance under this paragraph."

SEC. 2. (a) Clause (A) of paragraphs (1) and (2) of section 4(c) of the Small Business Act is amended by inserting "7(b)(8)," immediately following "7(b)(7)."

(b) The first paragraph following the numbered paragraphs of section 7(b) of the Small Business Act is amended by striking out "or (7)," immediately following "(6)," and inserting in lieu thereof "(7), or (8)," and by inserting after the first proviso in the

first sentence of such paragraph the following: "Provided further, that the Administrator may defer repayment of the principal of any loan made pursuant to clause (8) for a period not to exceed 2 years after the date of the loan if he determines that such action is necessary to avoid severe financial hardships."

SEC. 3. The Small Business Administration shall transmit to the Congress, during any period on a quarterly basis when the authority conferred by section 7(b)(8) of the Small Business Act is being exercised, a report setting forth the Administration's requirements, if any, for additional appropriations, personnel, or authority, and the recommendations of the Administration with respect to the future exercise of the authority under section 7(b)(8) of such Act.

#### ANALYSIS OF THE BILL

The bill would amend the Small Business Act to provide assistance to small business concerns affected by the energy shortage. Section 1 of the bill establishes a new section 7(b)(8) of the Small Business Act, which authorizes the Small Business Administration to make, immediately participate in or guarantee loans to small business concerns seriously and adversely affected by a shortage of fuel, electrical energy or energy producing resources, or by a shortage of raw or processed materials resulting from such shortage. Such small concerns must have suffered or be likely to suffer substantial economic injury without such assistance, and the proceeds of such loans could be utilized to refinance existing indebtedness. Such loans could be for terms up to 30 years, and the interest rate thereon would be the higher of (1) 2% per centum per annum or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date of a loan and adjust to the nearest one-eighth of 1 per centum plus one-quarter of 1 per centum per annum. This annual rate is currently 6 1/8%.

Section 2 of the bill makes technical changes to sections 4(c) and 7(b) of the Small Business Act. Section 2(a) authorizes the energy assistance program to be operated out of the disaster revolving fund established by section 4(c) of the Act. Repayments under this newly-established loan program must be made to the aforementioned disaster fund. Section 2(b) of the bill establishes the interest rate at which loans under the energy assistance program can be made; and gives discretionary authority to the Administrator of the SBA to defer initial repayment on loans up to 2 years if severe financial hardship can be shown. Section 3 of the bill requires the Administrator to report to Congress quarterly on the needs of the program.

Mr. JAVITS. Mr. President, I join with Senator CRANSTON and others in the introduction of the Emergency Small Business Assistance Act. As the ranking minority member of the Select Committee on Small Business I have had close contact with small businessmen throughout the energy crisis and thus know the severity of the problems that they face.

Small business is the economic backbone of this Nation. It constitutes 97 1/2 percent of the business population in the United States; it accounts for an estimated 50 percent of the country's employment and almost 40 percent of the gross national product.

But the small businessman is in trouble, serious trouble. He has difficulty obtaining his essential fuel needs because

he is often only a retail purchaser; he is being cut off from necessary supplies of petroleum related raw and processed materials because of their short supply; and, in many instances, his customers are unable to use his product or get to the point at which he supplies his service because of disruptions in buying patterns and transportation.

Unlike large businesses, however, the small businessman has no cushion to help him survive this emergency period. He can not fall back on retained earnings; he can not turn to greater production or sale of another product line not as severely affected; and he does not have the economic leverage to renegotiate his financing arrangements. It is to this last point that the instant bill provides a measure of relief to these thousands of businesses adversely affected.

This legislation requires no immediate additional appropriation. It makes use of the existing funds in the disaster relief moneys held by the SBA. This fund presently amounts to \$216 million. I strongly believe that more SBA financing assistance will be necessary, but this bill lets the SBA begin to administer the program before any additional funds are committed. After 90 days of actual experience with the program the SBA will be in a much better position to evaluate its usefulness and its needs for further appropriations.

The economic disaster currently facing large numbers of small businesses, if this help is not forthcoming, has no parallel since the great depression. And yet by all estimates this emergency is temporary, although precise estimates vary. If we allow this crisis to destroy large numbers of our viable and efficient small businesses there will be no way to recover them when the energy shortage ends. The leisure industry, the automotive sales industry, the plastics and petrochemicals industry, and the retail sales sector will be among those, but by no means the only types of businesses seriously adversely affected. This bill would help to insure that these businesses survive. I urge my Senate colleagues to act without delay on this necessary measure.

#### POSSIBLE LOAN RELIEF FOR SMALL BUSINESSES AFFECTED BY THE ENERGY CRISIS

Mr. BIBLE. Mr. President, as chairman of the Senate Small Business Committee, I am pleased to join with the Senator from California (Mr. CRANSTON) in putting forward a bill to permit the Small Business Administration to make emergency loans for the purpose of assisting those of the Nation's 8 1/2 million small businessmen who are facing serious difficulties under gasoline and other fuel and material shortages.

Until very recently, the United States had prided itself on being a mobile economy. Many thousands of entrepreneurs in my State of Nevada and elsewhere across the country had invested their capital and their time and efforts in providing goods and services to Americans on the move.

The crisis of supplies in petroleum products, both as fuels and raw materials, was also explored by my committee

through hearings of the Subcommittee on Environmental, Rural and Urban Economic Development conducted by the Senator from Georgia (Mr. Nunn) for 3 days in November 1973. This inquiry revealed a spectrum of serious problems of many different kinds affecting smaller firms.

In order to provide the facilities and equipment needed in these businesses, loans had been taken out with private borrowers such as banks and with the Small Business Administration in many instances. Severe declines in the volume of business could thus make trouble for not only the beleaguered businessman but many financing institutions and for the SBA loan program itself.

Accordingly, I have come to believe that there should be a thorough exploration of what should be done by way of legislation to ease the adjustment to this crisis. For this purpose, I had discussions with Senator Nunn and others in an effort to develop a reasonable proposal in this area. I believe our efforts were productive in encouraging the select committees and the legislative committees of the Senate and House, as well as the Small Business Administration, in trying to arrive at a common assessment of the problem for the purposes of legislative action.

In this connection, I particularly wish to commend the Senator from Georgia, who conducted our committee's inquiry since November, and who thereupon offered a series of timely amendments which were incorporated into the Emergency Energy Act (S. 2589) and the Energy Research and Development Act (S. 1283). He undertook the initiative in this matter also. I ask unanimous consent that a letter from Senator Nunn reflecting his leadership in this area be submitted at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BIBLE. It is gratifying to me that the proposal agreed upon for introduction is similar to the so-called Bible amendment, section 2 of Public Law 93-237. That provision grants authority for SBA to make emergency disaster loans to small businesses facing compliance with mandatory Federal health, safety, pollution and consumer, and environmental standards. First introduced in 1969, this measure pioneered the approach of using access to the SBA disaster loan fund and the employment of a cost of money formula for interest rates in order to make small businesses throughout the country partners in progress rather than its victims.

Thanks to the wisdom of the chairman of the House Banking Committee (Mr. PATMAN), other refinements were added to this legislation in the course of the legislative process such as a restriction on the permissible loan amounts. What emerged seems to be a workable and practical model for SBA activity in other emergency situations.

It is my continued hope that, where

possible, the Bible amendment can be interpreted in terms of its legislative history to apply in those energy impacted areas where the circumstances may be favorable. I have urged the SBA to give affirmative thought to these potential applications in the energy crisis. In this regard, I ask unanimous consent also that my recent letter to the Small Business Administration on this subject be included in the RECORD.

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

(See exhibit 2.)

Mr. BIBLE. The introduction of this bill is, of course, one step in the long legislative journey. The Bible bill, to which I referred, was first introduced in April of 1969 and finally enacted almost 4 years later. Because of the grave financial consequences of the energy crisis to new and small firms, I hope that congressional consideration of this bill can be undertaken without delay. I congratulate the distinguished Senator from California (Mr. CRANSTON) as chairman of the Small Business Subcommittee of the Senate Banking Committee, and the distinguished Senator from Alabama (Mr. SPARKMAN) as chairman of the Senate Banking Committee for scheduling the Senate hearing on this measure within the next month.

I feel that there will be many issues to explore at these hearings. New consequences of energy and material shortages are coming to light all the time. Also, there are several complex legal issues. There are also policy questions and increased congressional responsibilities related to any broad grant of authority to an administrative agency of this kind. However, the need is great and the public hearings will afford the best medium for discussing and resolving these questions.

It has been our pleasure at the Small Business Committee to be of assistance in developing this as well as other responses to the real problems of the small business energy crisis.

We should like to note also some of the efforts which the Small Business Administration has taken in response to our suggestions and upon its own initiative to help the small businessman in this area.

I ask unanimous consent to include in the RECORD material describing the formation of an energy office at SBA; instructions given to SBA field offices to help small firms in all possible ways within the limits of the Agency's programs, and recent guidelines for implementing the "Bible amendment," section 2 of Public Law 93-237. I believe this information is important to many firms throughout the country who are experiencing difficulties, and could be in touch with the Small Business Administration in this regard.

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

(See exhibits 3-5.)

Mr. BIBLE. We shall continue to do all we can in the future to bring about creation of responsible legislation and ad-

ministrative action to provide practical means of loan relief to small firms with energy problems.

EXHIBIT 1

LETTER FROM SENATOR BIBLE TO SBA

FEBRUARY 20, 1974.

Hon. THOMAS S. KLEPPE,  
Administrator, Small Business Administra-  
tion, Washington, D.C.

DEAR MR. ADMINISTRATOR: In view of the increasing volume of calls and correspondence we are receiving about small businesses impacted by fuel shortages, and conversations which I have had with other Senators about these problems, I hope that the Small Business Administration could give thorough consideration to the possible application of the recently passed section 2 of P.L. 93-237 in this area.

As you know, my intention in introducing this measure as S. 1750 in April, 1969, was to reach the widest possible number of situations in which small firms are required to change their methods of operation in order to comply with Federal law (or regional, state or local law or regulations derived from Federal statutes).

Based upon our Committee's research at that time, Senator Sparkman placed before the Senate a table of various environmental, pollution, health and sanitary laws of the type to which we believed such a provision would usefully apply. This chart was included in my testimony before the Senate Banking Committee on my proposal. Senator Sparkman and I certainly foresaw as well further Congressional activity upgrading standards in various fields that would have the effect of requiring capital investments and other actions by small firms. In reports of the Committee and remarks to the Senate on several occasions, we have referred to ongoing developments of this sort.

The language of the authorizing provision of P.L. 93-237 itself states:

"to make such loans . . . as the Administration may determine to be necessary or appropriate to assist any small business concern in effecting additions to our alterations in its plan, facilities, or methods of operation to meet requirements imposed on such concern pursuant to any Federal law and State law enacted in conformity therewith, or any regulation or order of a duly authorized, Federal, State, regional, or local agency issued in conformity with such Federal law, if the Administration determines that such concern is likely to suffer substantial economic injury without assistance under this paragraph . . ." (emphasis added)

This language is not directed at any particular statute or statutes. On the contrary, since several variations of this bill were grafted onto the Small Business Act as subsections, our efforts in the 93d Congress were to consolidate and expand this loan authority in order to have it in accordance with the original tenor of S. 1750.

I am aware of many of the practical and legal problems arising under fuel and energy regulations, and that others will arise under future regulations and statutes. I therefore hope that it will be possible for the Agency to use its legal expertise and familiarity with these circumstances to give the most affirmative possible consideration to the question of applying this provision as enacted to the range of small business energy problems.

As you are aware, our interest in these matters led us to schedule a staff level meeting with Associate Administrator for Finance and Investment David A. Wollard last week. We wanted to explore the options further, including the introduction of a supplementary legislative proposal, if this is felt to be necessary.

From the correspondence made available to us by Mr. Louis Laun, Associate Administrator for Operations, we know that SBA has taken positive steps already—on its own initiative and in response to the hearings of our Subcommittee on Environmental, Rural and Urban Economic Development—to assist small business in this energy crisis. I commend you for these actions and will be happy to cooperate further with you and your Agency to do whatever is feasible to alleviate the hardships brought on by adjustment to the energy and fuel stringencies facing small business and the nation.

Cordially,

ALAN BIBLE,  
Chairman.

EXHIBIT 2

LETTER FROM SENATOR NUNN TO SBA

February 15, 1974.

HON. THOMAS S. KLEPPE,  
Administrator, Small Business Administration,  
Washington, D.C.

DEAR MR. ADMINISTRATOR: As you know, for the past several months I have been making extensive efforts to gain an understanding of the small business energy problems and to propose constructive legislative and administrative solutions.

This activity has, of course, included the hearings on November 27-29, 1973, my advocacy of amendments to the Emergency Energy Act (S. 2589) and the Energy Research and Development Act (S. 1283) both of which passed the Senate, and my comments upon the proposed Federal regulations on fuel allocation.

As you are also aware, a meeting had been scheduled with Assistant Administrator David A. Wppard for February 11 to discuss further the legislative possibilities of relief in the loan field as a result of the impact of fuel and energy shortages on small business, including mobile homes, motels and others.

In this endeavor, I have been working very closely with the Chairman of the Senate Small Business Committee (Senator Bible) and agree with him that the application of section 2 of Public Law 93-237 should be explored as a preliminary matter.

It has also occurred to us that if the process of considering alternatives in this loan-relief area is to extend to legislation, the discussion might be broadened to include representatives of the Select Committees and legislative Small Business Subcommittees of the House and Senate.

This might facilitate exploration of the various issues involved and lay some basis for further efforts in this area.

To follow up on this matter in collaboration with Chairman Bible, telephone contact can be made with Mr. Chester H. Smith, Staff Director and General Counsel of the Senate Small Business Committee or Herbert L. Spira, Subcommittee Counsel who will keep Wright Andrews of my office advised.

With best wishes,  
Sincerely,

SAM NUNN.

EXHIBIT 3

SBA INSTRUCTIONS TO FIELD OFFICES

To: All Regional Directors:

All District Directors:

All Branch Managers:

In accordance with the request by the White House that SBA provide "all appropriate assistance to small firms adversely affected by the energy crisis," you are directed to:

1. Extend all possible and helpful aid to portfolio accounts seeking relief because of the crisis. This would include financial coun-

seling, deferments, payment resetting, and other adjustments to provide relief.

2. Give priority processing and attention to loan requests under 7(a) and EOL received because of the crisis.

3. Allocate direct funds under these two programs first to energy crisis loans.

4. Write all new loans resulting from the crisis to give the borrower the greatest benefits practicable within policy and statutory requirement.

5. Observe normal repayment ability policies. There is nothing new yet regarding possibility of using Bible amendment to 7(b)(5) for energy loan assistance. Will keep you posted.

LOUIS F. LAUN,  
Deputy Administrator.

SMALL BUSINESS ADMINISTRATION,  
January 29, 1974.

ALL REGIONAL DIRECTORS,  
ALL DISTRICT DIRECTORS,  
ALL BRANCH MANAGERS.

This is in further reference to my TWX of January 23, 1974, concerning new authority under P.L. 93-237.

In response to inquiries regarding financial assistance to small concerns suffering economic injury due to the energy crisis, it may be possible, in some instances, to assist these firms under the provision for loans to meet regulatory standards (Bible amendment) in P.L. 93-237.

The applicant should furnish sufficient information on which to base an eligibility determination including, if known, the law or regulation which requires compliance and which triggers our 7(b)(5) authority. This information, along with your office's opinion on eligibility, should then be forwarded to Central Office, Office of Financing, attention Arthur Armstrong, so that an eligibility determination can be made. These loans will be for up to 30 years maturity, bear an interest rate of 6 1/2 percent, and be limited to \$500,000 unless extreme hardship is proved. Funds are to come from the disaster loan fund under the same basis as BCEI loans, see TWX dated January 10, 1974.

Please note that the providing of this assistance is still in the tentative stage and no office should disseminate to the public media any information inferring a new loan assistance program lest the public at large misconstrue what, if any, assistance is available from SBA to help small concerns because of the energy crisis. However, we do not want to close the door on any small business concern which we can legally and legitimately assist.

Please acknowledge receipt of this TWX to Arthur Armstrong, SP/F&I.

ANTHONY S. STASIO,  
For DAVID A. WOLLARD,  
Associate Administrator for Finance and  
Investment.

SMALL BUSINESS ADMINISTRATION,  
January 21, 1974.

ALL REGIONAL AND DISTRICT DIRECTORS:

PL 93-237 approved on January 2, 1974, in addition to increasing our statutory loan ceilings, changes and expands our economic injury loan authority and significantly affects other agency policies and programs.

Until such time as the law can be fully analyzed and appropriate regulations and instructions disseminated, all field offices will continue to accept and process OMFB, CF, and OSH loans under outstanding instructions. Applications requesting funds to meet all other Federal regulatory standards permitted by the new law will be forwarded to central office for review. Such applications must be fully documented as to what Federal regulation, or regulation promulgated in conformance with Federal regulations, is in-

volved. Interest rates will be that presently applicable to DBL. Maximum loan amount and term shall be that permitted under the physical disaster business loan program. It is presently not contemplated that water pollution loans authorized by the Federal Water Pollution Control Act, as amended will be handled under the new law. These loans are still covered by section 7(c) of the Small Business Act, as amended. Livestock loans involving animal diseases, as authorized will be made under existing instruction for product disaster loans. Office of Industry Studies and Size Standards is working on a definition for small business for this purpose. Meantime, any case on which a size determination may be necessary prior thereto may be forwarded to that office for a ruling.

Base closing loan program instructions were issued to the field offices by TWX dated January 10, 1974.

Antidiscrimination policies pursuant to the law will be forthcoming in the near future, and also guidelines regarding special consideration to veterans and their survivors or dependents.

Copies of PL 93-237 will be sent to all offices as soon as received.

ANTHONY S. STASIO,  
For DAVID A. WOLLARD,  
Associate Administrator for Finance and  
Investment.

EXHIBIT 4

SBA RELEASE ON ACTIONS IN RESPONSE TO ENERGY CRISIS

SBA DEVELOPS NEW PLAN TO MEET ENERGY CRISIS

MINNEAPOLIS, MINN. February 5.—Uncertainties created by the energy crunch, shortages of materials, rising inflation, tight money, and high interest rates could spell big trouble for small businessmen in this area and across the nation during the next six months, Thomas S. Kleppe, Administrator of the Small Business Administration, told a news conference here today.

"In such a whirlwind of uncertainty and change," Kleppe said, "it's always the small businessman who gets hit first and the hardest."

Kleppe said strong adverse factors now boiling in the economy are not immediately reversible, and, if left unchecked, could lead to abnormal business failures and serious unemployment in the small business sector.

Prompted by current economic factors, there are those who suggest, Kleppe said, that the energy crisis and the growing shortages of basic materials may be the catalyst which triggers what some economists have termed the "post industrial period." This period of readjustment, they believe, will be one in which mass production and mass marketing will give way to demands for more sophisticated and highly personalized goods and services.

"So I can say to you here today," Kleppe said, "that if there ever was a time since the 1930's calling for uncommon effort and perseverance in championing the cause of small business, that time is now!"

"Let there be no doubt that we are caught in the grip of a very real and troublesome crisis which is bound to change the lifestyles of millions of Americans," he said.

"Much as we would like it to disappear, we know that it will not go away tomorrow, next week, or next month," he said.

"Perhaps even more important than its unpredictable duration or its net result is the fact that our economy is receiving shock waves simultaneously on three broad fronts.

"One is our dwindling supply of energy.

"The second is mounting shortages of materials.

"Third is the anticipated snowballing effect

March 1, 1974

that these shortages will have on employment and production nationwide in all areas of economic activity."

But that's not the whole picture, Kleppe said. He said rising inflation further compounds the problem. The only bright spot is the slow trend toward lower interest rates and a hike in the money supply.

"We therefore see a period of critical adjustment for small businesses, at least during the next six months," Kleppe said.

"That is why we believe programs and policies developed by Federal and state agencies to grapple with these problems should provide for full consideration of small business needs and interests," he said.

"In keeping with our role as spokesman and advocate of the small business sector, we have established in SBA's Washington office a special task force on energy and materials comprised of SBA program experts, which is now assessing the impact of shortages on our programs and on the small business community. All major program divisions of the Agency have been mobilized to participate actively in task force deliberations," Kleppe said.

"Secondly, we have established a new Office of Energy and Materials. Among its functions will be development of an information base and economic data base to determine the impact of shortages in energy and materials on SBA programs.

"It will also work closely with the Congress, the Federal Energy Office, and all other governmental and business organizations concerned with these problems. Finally, it will assist SBA program units, field offices, and management personnel in the formulation of appropriate policy responses."

He said top priority is being given to development of a close working relationship with the Federal Energy Office. SBA is representing the broad interest of small business at all levels of FEO activities pertaining to energy-related policies, regulations, and programs, he said.

"We hope to develop an effective educational and training program jointly with FEO and the Department of Commerce to assist small businesses in conserving energy, converting to alternate sources of energy, and also helping them cope with the maze of legislation, regulations, and administrative guidelines that will continue to surface in coming months," Kleppe said.

"Our regional and district directors," Kleppe said, "have been designated as coordinators for our energy program. This is the point of contact for small firms having specific problems in these areas."

These offices will provide advice and assistance on how to deal with large business suppliers of the State and Regional Allocations Offices set up under regulations of the FEO. They also will work with other governmental agencies on behalf of small business at the local and regional levels.

He said information received by these coordinators will be transmitted to SBA's Washington office where it will be classified and routed to the appropriate Federal office.

"We have made numerous contacts with suppliers of materials on behalf of individual small firms," Kleppe said. "To prepare for the expected increase in research and development contracts, we are making an energy-related survey of small business capability in this area."

"In addition, we are asking the Department of Defense and the General Services Administration to obtain fuel allocations for all new competitively awarded construction contracts. And we are trying to assure a fair share of government stockpiled materials for small business."

EXHIBIT 5  
SBA IMPLEMENTATION OF THE BIBLE  
AMENDMENT

To: All Regional Directors.

Effective immediately, all loans approved under section 7(b)(5), Small Business Act, (includes coal mine safety and health, consumer protection, occupational safety and health, plus new program to provide loans to meet regulatory standards (Bible Amendment)); section 7(b)(6), strategic arms economic injury; section 7(b)(7), base closing economic injury (Pell Amendment); and section 7(g), water pollution control (when implemented) will be limited, under delegated authority, to those maximum individual loan amounts now allowed under section 7(b)(1), physical disaster loans.

This means that for direct and SBA share of immediate participation loans, \$500,000 is the maximum amount to be approved by field offices for the above listed loans. In cases of extreme hardship, loans over \$500,000 may be approved at the central office level.

SOP 00 01 will be amended accordingly. Please make sure that district and branch offices in your region are informed of this limitation.

Acknowledge receipt of this wire by telephone to Arthur E. Armstrong (202) 382-5841.

ANTHONY S. STASIO,  
For DAVID A. WOLLARD,  
Associate Administrator for Finance and  
Investment.

ADDITIONAL COSPONSORS OF BILL  
AND JOINT RESOLUTION

S. 2871

At the request of Mr. McGOVERN, the Senator from Alabama (Mr. SPARKMAN) and the Senator from Washington (Mr. MAGNUSON) were added as cosponsors of S. 2871, the Food Program Technical Amendments.

SENATE JOINT RESOLUTION 173

At the request of Mr. DOMINICK, the Senator from Ohio (Mr. TAFT) was added as a cosponsor of Senate Joint Resolution 173, to authorize and request the President of the United States to appoint a National Commission for the Control of Epilepsy and Its Consequences.

SENATE CONCURRENT RESOLUTION  
72—SUBMISSION OF A CONCURRENT  
RESOLUTION INVITING THE  
1980 WINTER OLYMPIC GAMES TO  
LAKE PLACID, N.Y.

(Referred to the Committee on Foreign Relations.)

Mr. JAVITS (for himself, Mr. BUCKLEY, and Mr. WILLIAMS) submitted the following concurrent resolution:

S. CON. RES. 72

A concurrent resolution of the Congress of the United States, extending an invitation to the International Olympic Committee to hold the 1980 Winter Olympic Games at Lake Placid, New York in the United States, and pledging the cooperation and support of the Congress of the United States.

Whereas, the International Olympic Committee will meet in October, 1974 at Vienna, Austria to consider the selection of a site for the 1980 Winter Olympic Games, and

Whereas, Lake Placid in the Town of North Elba, County of Essex and State of New York has been designated by the United States

Olympic Committee as the United States site for the 1980 Winter Olympic Games, and

Whereas, the residents of Lake Placid and the Town of North Elba in Essex County, New York have long been recognized throughout the world for their expertise in organizing, sponsoring and promoting major national and international winter sports competitions in all of the events which are a part of the Winter Olympic Games, and

Whereas, it is the consensus of the members of the Congress of the United States that the designation by the International Olympic Committee of Lake Placid in the Town of North Elba, Essex County, New York as the site of the 1980 Winter Olympic Games would be a great honor for all of the people in the United States; now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Olympic Committee be advised that the Congress of the United States would welcome the holding of the 1980 Winter Olympic Games at Lake Placid in the Town of North Elba, County of Essex and State of New York, the site so designated by the United States Olympic Committee, and be it further

Resolved, That the Congress of the United States expresses the sincere hope that the United States will be selected as the site for the 1980 Winter Olympic Games, and pledges its cooperation and support in their successful fulfillment in the highest sense of the Olympic tradition.

Mr. JAVITS. Mr. President, I am today today submitting a concurrent resolution of the Congress of support for the Lake Placid, N.Y., bid for the 1980 Winter Olympic Games. Lake Placid has already been designated by the U.S. Olympic Committee as its contingent "bid city" for the 1980 Winter Olympic Games, and thus no other American city is in the running for the international bid.

But in order to secure the final approval of the U.S. Olympic Committee, and hence even be considered for the International Olympic Committee's award as a site, Lake Placid must receive at least the indicia of support from the Federal and State governments. It is for this reason that I am introducing this concurrent resolution—to inform the world sports community that the Congress of the United States is backing Lake Placid in its attempt to bring the winter Olympics to the United States.

Lake Placid has already complied with the U.S. Olympic Committee's referendum criterion, which requires that the local population approve the bid effort. That referendum was held on October 16, 1973, after public hearings were held, and resulted in approval of the bid application. In addition, both the North Elba Town Board and the Lake Placid Village Board have adopted unanimous resolutions favoring Lake Placid's 1980 winter Olympic bid.

Lake Placid has also received the support of the Governor of New York State and the leaders of the New York State Legislature in its effort. Although the State has not yet committed itself for any specific financial support, it is clear that the State government also is backing the Lake Placid bid.

If Lake Placid is awarded the Olympic bid, estimates are that approximately \$8 million in State funding will be required

and approximately \$16 million in Federal appropriations. Although these figures are subject to change, this would be a modest investment for an event so important in the world of athletics, tourism, and international friendship. This is primarily because Lake Placid has long been a center of international winter sports competition and thus already has most of the facilities needed.

Moreover, the facilities constructed with these funds will not be useless after the competition of the Olympics. Although no single plan for their use has been decided upon, it is likely that the permanent facilities will be used for a continuing public purpose, such as health care or education.

Finally, I point out to my colleagues that from all indications there will be no adverse environmental impact on the area caused by hosting the Olympic games. It is largely because of this that the local and State officials, as well as the population, are so strongly committed to hosting the 1980 Winter Olympics at Lake Placid. To illustrate this point I am attaching to my remarks an ecology impact statement prepared by the Olympic Bid Committee. I ask unanimous consent that it be printed in the RECORD at the conclusion of my remarks.

Mr. President, I hope that the Senate will see fit to act on this measure with dispatch, since the U.S. Olympic Committee must submit the Lake Placid bid to the international committee by March 31, 1974. The international committee in turn will make its final selection at a meeting to be held in Vienna, Austria, on October 11-19, 1974.

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

#### LAKE PLACID'S 1980 WINTER OLYMPIC PROPOSAL

##### ECOLOGY IMPACT STATEMENT

Lake Placid's 1980 Olympic Bid Committee is fully cognizant of the potential adverse ecological impact that the Winter Olympics might possibly have in some areas throughout the world.

Basically the Winter Olympics problem arises from the need to create a multiplicity of new winter sports facilities, public improvements and other supporting facilities in an area not previously developed for that purpose. These problems are particularly acute when the Winter Olympics are awarded to cities such as Grenoble, France, Sapporo, Japan, and Denver, Colorado, with large metropolitan populations, when it is necessary to have new, widely dispersed sports venues.

Numerous vital safeguards now exist to prevent any adverse ecological impact in the event the 1980 Winter Olympics are held at Lake Placid, New York, as set forth following:

1. First, and perhaps most important, almost all of the required sports facilities already exist and have been in use for major international winter competitions for many years, including: Whiteface Mountain, Alpine ski area; Mt. Van Hoevenberg Olympic Bob-run; Mt. Van Hoevenberg Cross Country trails; Intervale 70 meter Ski Jump; 400 meter Speed Skating Track and the Olympic Arena with its hockey and figure skating facilities.

2. The limited new or improved sports facilities that might be required would be located at the sites of the present sports facilities, including: lift, trail, lodge and park-

ing improvements at Whiteface Mountain; recreational cross country trails and refrigerated bobrun—huge course at Mt. Van Hoevenberg; 90 meter Ski Jump at the existing 70-40-25-15 meter ski jump area; refrigeration of the present 400 meter Speed Skating track, and construction of a new ice hockey and figure skating arena with a larger seating capacity adjacent to the existing arena.

3. All of the existing and proposed winter sports facilities are located on State of New York or Town of North Elba lands that have been used for wintersports recreation and competition purposes for many years. Additionally, they are all, without exception, located in areas zoned for "intensive use" for recreation under the Adirondack Park State Land Master Plan or in areas zoned as "hamlet areas" (intensive use) under the Adirondack Park Land Use and Development Plan relating to non-State owned lands in the Adirondack State Park.

4. The major portion of the lands in the Town of North Elba in the area of Lake Placid are in the Adirondack State Park and owned by the State of New York and protected under the "Forever Wild" clause of the New York State Constitution. No further development of these State-owned lands could take place without an amendment to the State Constitution. A very substantial additional portion of private lands in the Lake Placid-Town of North Elba area have been rigidly zoned as "primitive", "wild forest", "resource management" or "rural use" under the provisions of the Adirondack Park Agency Private Land Use and Development Plan. Approximately 80% or more of all lands in the area are subject to the above rigid controls that prevent development with any adverse ecological impact.

5. It is impressive to note the existing statutory and legislative acts and bodies that presently exist to preclude ecology problems with the 1980 Winter Olympics, including:

(a) The "Forever Wild" clause of the New York State Constitution covering all State-owned lands in the Adirondack State Park.

(b) The rigid provisions and control of the State Land Master Plan and Private Land Use and Development Plan of the Adirondack Park Agency regulating all of the lands in the Adirondack State Park.

(c) The Zoning Laws of the Town of North Elba.

(d) The Zoning Laws of the Village of Lake Placid.

6. As a forward-looking one-economy resort, convention and sports community, the Lake Placid area already has over 150 motels, hotels and guest houses with a total capacity of 10,000 people and in the surrounding area of over 25,000 people. The highways, parking facilities, the recently constructed new water pumping system and sewage disposal system have been designed to handle the requirements of a community population over seven times the present local population.

##### CONCLUSION

In addition to the foregoing environmental and ecological protections, there exists on the part of the Lake Placid Bid Committee for the 1980 Winter Olympics a dedication and commitment to the principle that the time has come to restore the Winter Olympics to their proper perspective. No new multiple-lane access highways, huge parking lots, massive public improvements or multi-million dollar "one-time" sports facilities are required or—desired. Unless the selection bodies, the United States Olympic Committee and the International Olympic Committee, are in agreement with this concept, Lake Placid will step aside for some other "big city" Olympic site.

#### SENATE RESOLUTION 295—SUBMISSION OF A RESOLUTION AUTHORIZING SUPPLEMENTAL EXPENDITURES BY THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

(Referred to the Committee on Rules and Administration.)

Mr. McGOVERN submitted the following resolution:

##### SENATE RESOLUTION 295

*Resolved*, that section 3 of Senate Resolution 260, Ninety-third Congress, second session, be amended by striking out \$288,800 and inserting in lieu thereof \$388,800.

Mr. McGOVERN. Mr. President, first, I would like to express my appreciation to Senator CANNON and Senator COOK and the other members of the Rules Committee for the consideration they have given the Select Committee on Nutrition and Human Needs.

As is well known, the select committee was established by the Senate in 1968 to deal with the food and nutrition problems of the American people, particularly the malnutrition problem of low-income Americans.

Since that first historic step by the Senate in 1968, there has been an explosion of interest and progress in the area of nutrition. We have had a Presidential commitment to "end hunger in America for all time" and for guaranteeing every American family and child an adequate diet.

We have expanded our Government arsenal of weapons to achieve this goal from small family feeding programs to a nationwide food stamp program, and child feeding programs encompassing school lunch, school breakfast, and summer lunch programs. We have designed and implemented special intervention programs for two vulnerable groups of citizens in our society—the very young and the very old.

Additionally, we have begun to serve in areas of concern to every American consumer on issues such as nutrition labeling, advertising, and food safety. We have also begun to encourage more vigorous Government research into the relationship between diet and the modern diseases—obesity, heart disease, diabetes, and cancer—which threaten to wipe out all the progress modern medicine has made in preserving health and prolonging life.

The credit for this progress is widely distributed, but the Senate deserves special recognition for its foresight in establishing a select committee to focus exclusively on this enormously important area.

This foresight now puts the Senate in a unique position to exercise leadership in one of the most serious crises the Nation has ever faced. I am speaking, of course, of the general food crisis we have been experiencing for over a year now, and which is being exacerbated even more by the fuel crisis.

It is entirely possible that the American people are going to be faced, not only with actual shortages in some food areas, but a price increase of almost 50

percent in a 2-year period. It is absolutely vital that the Congress take every step it can both to protect America's greatest resource, its food supply, and the ability of the American people to feed themselves adequately.

The expert staff of the select committee is already deeply involved in studying the dimensions of this food crisis. Their first staff study, released just last week, found the following:

By last December, the official index of food prices for home consumption had risen more than 20 percent. Actual prices paid by the elderly and poor in our cities was up even higher—on the order of 38 percent or more. For the ordinary working family, these rising food prices were a disaster. Real spendable earnings had dropped more than 3 percent through the end of October with the standard of living for workers in lower paying jobs such as the retail trades depressed even more severely.

Americans reacted the only way they knew how—by eating less or eating differently. Most Americans had to cut back their consumption of high protein foods such as meat, poultry, and eggs. Even such substitutes as soybeans were sharply higher in price by year's end. Most families found that even by spending on average an additional 12 percent for food, they had less food to put on the table. In nutritional terms this meant less protein carbohydrates, phosphorus, iron, vitamin A, thiamin, riboflavin, niacin, vitamin B6 and vitamin B12 per capita according to official USDA statistics. Even per capita caloric intake declined in 1973.

The school lunch program also felt the impact. Rising prices of anywhere from 20 to 30 percent caused more than 500,000 youngsters to discontinue these lunches by the end of October 1973. An additional 200,000 applied for nonpaying status on the grounds of economic hardship. Rising prices were denying children the nutritional lunch Congress had intended to keep within financial reach of every school-age child.

Local school lunch officials struggled desperately to keep costs under control. But by early September wholesalers were refusing to bid on long-term contracts, citing price instability and uncertainty as the grounds for their action. Those school lunch officials who received responses found prices sharply higher. Schools were forced not only to raise prices, but reduce portion sizes, eliminate desserts, and drop the traditional published menu. No one knew for sure what would be available from day to day.

No one planned this crisis. No single person can or should be held responsible. But if the Nation's leadership does not move decisively to investigate and find the causes of the crisis, then develop the plans and policies to make sure it does not happen again, then we will all be held responsible in the future.

For that reason, the members of the select committee—whose membership crosses the line of the Agriculture, Foreign Relations, and Labor and Public Welfare Committees—voted unanimously

to convene under Senate and committee auspices a meeting of the Nation's most knowledgeable experts in the areas of food and nutrition—distinguished leaders from the fields of agriculture, business, marketing, health, education, and international affairs.

To lead and organize this distinguished gathering, we were fortunate to obtain without cost the services of Dr. Jean Mayer, the former head of the White House Conference on Food, Nutrition, and Health, whose broad grasp of this field is unsurpassed.

The meeting, planned for this June 19-21, is to be called the National Nutrition Policy Conference.

Dr. Mayer has already contacted every major Federal agency involved in this area and received warm letters of cooperation. Most particularly, Secretary of State Kissinger has designated Ambassador Edward Martin as a liaison to the Senate conference so that our work might be coordinated with the World Food Conference called for by Mr. Kissinger and scheduled for next November in Rome.

The select committee included in its annual budget request for this year, a special request for \$100,000 to finance the expenses of the National Nutrition Policy Conference. Since the plans for the conference call for the use of Senate space, the conference funds are to be used primarily to cover the expenses of the 250 conferees—expenses which would be reimbursed on a basis comparable to that of witnesses appearing before Senate committees.

The chairman of the Rules Committee, Senator CANNON, communicated to me yesterday in a personal letter—a courtesy which I very much appreciate—that the Rules Committee had deleted the special request for the conference funds "without prejudice." As Senator CANNON explained, such a conference under Senate committee auspices, would establish a precedent. For that reason, he suggested that the select committee should submit a supplemental expenditure-authorization resolution for the specific purpose of financing the National Nutrition Policy Conference. As Chairman CANNON stated in his letter, the Rules Committee would then give such a proposal "due consideration" but with "careful thought—to establishing a precedent under which any Senate committee would feel free to request funds for a conference it may wish to set up on an important subject within its own jurisdiction.

Following Senator CANNON's recommendations, I have prepared and will submit such a supplemental request following the completion of floor action on the committee's regular budget resolution as reported by the Committee on Rules and Administration.

I would like, however, to clarify several additional matters regarding this procedure. The first is time. Time is short. The National Nutrition Policy Conference is scheduled for this June. This means, effectively, that the conferees, but especially the task forces preparing the conference, have only 3 months in which to do their work. Some of them are already at work.

It is imperative, then, that due consideration by the Committee on Rules and Administration also be speedy consideration. I know the committee is extremely busy, that it is engaged in several pressing issues, but I would most respectfully request that committee action on this important conference resolution be completed at the committee's next session, if possible, or in any event by March 15.

Second, since we may be in the process of establishing a form of precedent, I believe that, in the end, the full Senate should have an opportunity to consider the matter. I would, therefore, request that, following the Rules Committee's consideration, be it favorable or unfavorable, of the resolution, the Senate have an opportunity to pass on the conference.

Finally I would like to speak briefly to the precedence question. I asked the experts on matters such as this in the Library of Congress for an opinion on the appropriateness of such a conference under committee auspices. The Library's response was that such an activity would be appropriate in the view of the intent of the 1970 Legislative Reorganization Act, specifically the intent of giving all committees so-called "contract authority." The intent of the granting of this authority was to provide committees with a wide variety of tools in conducting their activities. A conference, such as the proposed National Nutrition Policy Conference, which would study matters of vital interest to the select committee and make legislative recommendations to be considered by the select committee, would be within the scope of the contract authority and the intent of the 1970 act.

It is accepted practice, Mr. President, for Senate committees to engage in special studies, to contract with recognized experts to conduct such studies, and to bring in groups of experts, not necessarily as witnesses in public hearings, to advise committees on important questions. In a sense, the proposed National Nutrition Policy Conference is simply an extension of that accepted practice. We are attempting, in a short period of time, to draw on our country's best brains in the field of food and nutrition to advise us on how to deal with the current food crisis and avoid any further crises. These experts, donating much of their own time, will then produce a comprehensive study or report for committee and Senate consideration. If such a conference is somewhat of a precedent, I believe it is a good one for the Senate and the Congress to adopt. The executive branch, the White House, have taken advantage of such proceedings for many years. I see no reason why the Congress should not similarly avail itself of such a valuable tool.

That concludes my statement, Mr. President. I would request that my full testimony before the Committee on Rules and Administration, as well as the initial press release on the National Nutrition Policy Conference, be printed in the RECORD at this point.

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

## TESTIMONY BY SENATOR McGOVERN

Mr. Chairman: The Select Committee on Nutrition and Human Needs, originally established by Senate Resolution 281, agreed to on July 30, 1968, as amended and supplemented, has since played a key role in insuring that millions of Americans, suffering from inadequate diets and consequent malnutrition, are now able to obtain sufficient food. The select committee has made considerable progress in fulfilling the initial section of its mandate which calls for a definition of the actual extent of hunger and malnutrition in the United States and the identification of weaknesses in Federal feeding programs intended to eliminate such hunger and malnutrition. Hearings before the select committee on the national nutrition survey conducted by the Department of Health, Education, and Welfare have demonstrated widespread nutritional deficiencies throughout the population, especially among those having low income.

Pursuant to the select committee's recommendations, major steps have been taken by Congress to expand and improve Federal feeding programs designed to protect vulnerable segments of the population from malnutrition. Whereas the food stamp program formerly served only some 3 million poor persons, it now reaches 12 million and is scheduled for further expansion next year. Whereas child nutrition programs formerly reached less than a third of those children eligible for school lunches or school breakfasts, now 80 percent of those children eligible for free or reduced price lunches participate in the program.

Additionally, as a result of work done by the select committee since its establishment, Congress has legislated several other nutrition intervention programs designed to insure adequate nutrition for the elderly and the very young—the nutrition program for the elderly (Public Law 92-258), and the special supplemental feeding program for women, infants, and children (Public Law 92-433).

In a recent newspaper column, the full text of which I have attached to my testimony, Carl Rowen referred to this progress, saying:

"I never believed that I'd live to see a budget where direct payments to farmers would decline drastically because farm prices were riding high partly on the strength of the government's programs for feeding the needy. But that's what we have for the fiscal year beginning next July 1.

"The total expenditure for food stamps, which enable low-income families to increase vastly their food purchasing power, will reach \$3.98 billion in 1975. That is a remarkable humanitarian achievement for which I tip my cap to the Nixon administration, and to those members of Congress . . . whose relentless pressures prodded the administration to do what it is doing.

"It seems too good and decent to be true that next year the federal government will spend \$1.36 billion for child nutrition, or about three times as much as for direct payment to farmers (\$461 million). And we are making the transition without cheating farmers. They are growing more wheat, feed grains, cotton, producing more milk, butter and meats and selling them at very profitable prices."

Since the select committee's beginning, when the most intense concern regarding nutrition focused on the low-income segments of the population, adequate food and a proper diet have become a major concern of most citizens, especially during the past year of shortages and higher prices. Thus, the significance of the remaining portions of the select committee's mandate to "make a complete study . . . of the means by which this Nation can bring an adequate supply of

nutritious food to every American," is perhaps even more important today.

Just this week, the select committee published a staff study—Food Price Changes, 1973-1974 and Nutritional Status, Part I—charting the impact of the rapidly changing food situation on the population. Although a great deal of important information in this area is not available, it is possible to say this much now.

Americans are eating less, and less well nutritionally. In the past year, increasing food prices forced Americans to change what they had become accustomed to eating. In the year to come—with food prices continuing to rise, partly because of the effect of the energy crisis on production and harvesting, and, because of the increased cost of fuel for heating and transportation—the ability of families to adequately feed themselves will be even more severely tested. And, if the economy slows down as currently predicted—or becomes worse; with unemployment rising, while real income declines in the face of continuing inflation—we may undoubtedly have a genuine crisis affecting the health and well-being of millions of Americans. For some, it is already a genuine crisis.

This individual family crisis, though, must be put in the broader context of general food and nutrition policy.

The United States has met humanitarian goals—providing food for hungry people both here and abroad—since World War II in a manner that has had important benefits for American farmers and the food processing industry.

We have done so through the Food-for-Peace Program, which has made much of our food abundance available to nations which could not afford to buy it.

Also, we have done so through the Food Stamp and other domestic feeding programs, which have provided nutritious diets for millions of Americans, especially children, who have not been able to afford it.

These programs also helped American agriculture, by providing a steady, sustained market for the product of the American farm and food factory. These programs were, in fact, constructed to dispose of embarrassing surpluses of food which depressed prices received by farmers.

But events of the last year have thrown our food and farm policies into serious disarray, making it necessary to seriously re-examine America's commitment to the war against hunger, and the role of America's food producing sector in this war.

Over the past several decades we have developed what I regard as a strong and sensible overall philosophy on farm and food issues. It rests upon four pillars:

First, we seek adequate food abundance for our consumers at prices fair both to them and to farmers.

Second, we have determined that no American, and especially no American child, should want for a decent diet—supplying the essential requirements of adequate nutrition.

Third, we seek growing access to commercial food markets elsewhere in the world.

Fourth, we have sought to use our unparalleled food abundance and technical know-how as a tool of peace—responding to the desperate needs of hungry people around the globe.

Until now we have seen no conflict among those goals. With our problems of surplus, not shortage, we could move to meet them all.

But this past year, all four of those objectives have suffered. Each one has been challenged; to some extent each one has been denied.

Now is the time to re-examine, in a fundamental way, where we have been and where we are going in this critical nutrition area.

Now is the time to begin developing a sound framework for a national nutrition policy.

The committee believes that given the expertise developed by the select committee and additional time to pursue its investigations, major progress can be made toward the establishment of a comprehensive national nutrition policy. Such a national policy would be integral to the Nation's efforts in health maintenance and preventive health care. Evidence presented before the select committee indicates that inadequate nutrition or improper nutritional practices result in billions of dollars of unnecessary health care costs to the Nation.

I doubt that any Committee of Congress has instilled more pride of accomplishment in its members as has the select committee on Nutrition. Its activities and success have been a tribute to the truly bipartisan efforts of its members and their diligence in doggedly pursuing the issues involved down to their root where the work is grimy and mostly unnoticed. But through this, one thing has become very clear—even greater progress was prevented and will continue to be inhibited by the lack of long-term planning in this crucial area of national policy. The planning of national nutrition policy on a year-to-year basis is simply wasteful both of the energy of government and the production/marketing forces. We need long-range policy planning. The present food crisis—which today may be just the tip of the iceberg—makes it imperative that we move to long-range comprehensive national nutrition policy planning. The American people will not put up with another crisis to be explained away by statements that we had no long-range policy; that we didn't have access to production information. We can't afford to be unprepared again.

Toward that end, the select committee is seeking to deal with this critical area by itself planning on a longer-range basis. After thoughtful consideration, we have developed a three-year plan of operation on a National Nutrition Policy.

In 1974, the major thrust of the committee's activities will be devoted to a National Nutrition Policy Conference. Dr. Jean Mayer, former Chairman of the White House Conference on Food Nutrition and Health has accepted the Committee's invitation to serve as the Conference Coordinator. I have attached a memorandum from Dr. Mayer detailing the structure of the conference in great detail. In brief, the conference will:

(a) review progress made in the nutrition area since the 1969 White House Conference—with an eye to charting what still remains to be accomplished from those recommendations.

(b) determine what new policies need to be formulated to meet the quickly developing conditions of the present food crisis so that the dramatic and unsettling changes running through the country today can be met. The conditions make it imperative that a well-informed Congress move quickly and comprehensively to develop long-range policies that adequately protect producers and consumers alike. Today, more than ever, all our citizens are directly concerned with the fulfillment of the Select Committee's mandate to "make a complete study . . . of the means by which this nation can bring an adequate supply of nutritious food to every American."

The select committee will then devote the remainder of the year to evaluating the Conference record in order to make its initial legislative recommendations to the appropriate committees regarding a coherent national nutrition policy. In accepting the committee's invitation, Dr. Mayer said "that Congressional leadership in this important area, which has been so vital in the past several years, is even more important today." We heartily agree.

During 1975 and 1976 the committee will devote itself to:

(a) hearings on those areas growing out of the conference in order to thoroughly study the applications of the conference recommendations to existing federal programs, the existing production and marketing system before completing each recommendation.

(b) research on the experience of other nations and international bodies vis-a-vis a national nutrition policy. This is a very important lesson to be learned from the present oil crisis.

(c) completion of an initial comprehensive set of national nutrition policy recommendations to be presented to the appropriate committees of the Congress.

Mr. Chairman, that completes my presentation. I will be happy to respond to any questions the Committee might have.

[From the Washington Star, Feb. 8, 1974]

AT LAST, SAVING CHILDREN

(By Carl T. Rowan)

I've been complaining for half of my adult life about the madness of our government paying farmers not to grow food while millions of American children, pregnant women and aged people suffered grievously from hunger and malnutrition.

I never believed that I'd live to see a budget where direct payments to farmers would decline drastically because farm prices were riding high partly on the strength of the government's programs for feeding the needy. But that's what we have for the fiscal year beginning next July 1.

Can you believe that in fiscal 1975 direct payments to farmers will decline more than \$2 billion while the outlay for the Food Stamps program will rise by about \$1 billion?

The total expenditure for food stamps, which enable low-income families to increase vastly their food purchasing power, will reach \$3.98 billion in 1975. That is a remarkable humanitarian achievement for which I tip my cap to the Nixon administration, and to those members of Congress (Percy of Illinois, Humphrey and Mondale of Minnesota, McGovern of South Dakota, Hart of Michigan, Cook of Kentucky) whose relentless pressures prodded the administration to do what it is doing.

It seems too good and decent to be true that next year the federal government will spend \$1.36 billion for child nutrition, or about three times as much as for direct payment to farmers (\$461 million). And we are making the transition without cheating farmers. They are growing more wheat, feed grains, cotton, producing more milk, butter and meats, and selling them at very profitable prices.

If you wonder why I exult over this remarkable transition in U.S. budget policy, take a look at a January 1974 report called "To Save the Children," put out by the Senate Select Committee on Nutrition and Human Needs.

Heaven only knows how many babies we have killed over the decades, how many children we have left physically stunted and mentally retarded, because we failed to make adequate nutrition available to either the pregnant mother or the young child.

Witness after witness has told that Senate select committee these things:

1. Poor, malnourished pregnant women are more likely to have premature babies or babies of low birth weight.

2. This difference in birth weight accounts for the fact that more babies of poor women die than do those of rich mothers.

3. The larger number of smaller infants among poorly-fed women means a larger likelihood of mental retardation among children of the poor.

4. Malnutrition retards infant growth, producing smaller infants and organ growth, including smaller brains.

5. Early malnutrition, in humans as well as animals, results in behavioral abnormalities which may persist throughout life.

6. Providing a better diet for pregnant women should decrease both infant deaths and the incidence of retardation.

Pediatricians and other experts have pointed out that there are 300,000 premature babies born in this country every year—and 150,000 mentally retarded children. They think protein deficiency is a critical factor in this terrible incidence of retardation.

The Senate committee says the cost of protein is only \$10 to \$20 per pregnancy, a trifling figure when you consider that the cost of giving optimal care to just a few premature children is greater than the costs of supplemental feedings for an entire city.

Anemia in pregnant women is another crucial factor. The experts told the Senators that "fetal brain development is dependent on the oxygen-carrying capacity of the maternal blood, and an anemic mother faces the threat of bearing a mentally retarded baby."

The cost of correcting anemia is a paltry \$2 to \$5 per pregnancy.

Whatever else you may want to say about the 1975 budget, do a bit of rejoicing that it reflects a giant step by a finally wise and compassionate society toward "saving the children."

McGOVERN AND PERCY ANNOUNCE MAYER APPOINTMENT TO HEAD SENATE NUTRITION POLICY CONFERENCE

Senators George McGovern (D-SD) and Charles Percy (R-III), chairman and ranking Republican member of the Senate Select Committee on Nutrition, officially announced today plans for a National Nutrition Policy Conference this year.

At the same time, McGovern and Percy announced that Dr. Jean Mayer, former chairman of the White House Conference on Food, Nutrition and Health, had accepted their invitation to serve as the official Conference Coordinator for the Select Committee.

While the format and exact subject matter of the Conference have not yet been formulated, one purpose of the Conference will be to review progress made in the nutrition area since the White House Conference, and to determine what new policies need to be formulated now. The Select Committee will then evaluate the record of the Conference with an eye to legislative recommendations to be forwarded to the appropriate Congressional committees.

The National Conference will probably focus on four or five key subject areas with co-chairman and panel members designated to develop position papers in those areas.

Among the subject areas under consideration are Nutrition and Poverty, Nutrition and the Consumer, Nutrition and Health, Nutrition and Food Production, and U.S. Nutrition vis-a-vis World Food Demands.

In accepting the invitation to coordinate the Conference, Dr. Mayer said that Congressional leadership in this important area, which has been so vital in the past several years, is even more important today.

The dramatic and unsettling changes running through the country in food and fuel supplies and prices make it imperative the Congress move quickly and comprehensively to develop long-range policies that more adequately protect producers and consumers alike, while permitting the country to fulfill its international responsibilities.

The tentative timing for the Conference is next June in Washington, D.C. McGovern and Percy said that Dr. Mayer would have a

further announcement in the near future regarding Conference subject areas, task force co-chairmen, panel members, and national organizations participating in the Conference.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974—AMENDMENT

AMENDMENT NO. 988

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

Mr. HUGH SCOTT. Mr. President, for myself and the Senator from Massachusetts (Mr. KENNEDY), I am today submitting an amendment to allow the Treasury Department to accept private contributions of money for the Presidential Election Campaign Fund. The proceeds from this fund, coming now from dollars checked off on personal income tax forms, will be used to finance the 1976 Presidential campaigns.

Recently, Senator KENNEDY and I wrote an article for the New York Times concerning the need for legislation to finance publicly all Federal election campaigns. As compensation for our efforts, the Times sent us each a check in the amount of \$75.

Because we sought no personal remuneration for writing the article, we endorsed the checks over to the Treasury Department for deposit in the Election Fund. The Treasury Department, however, was legally unable to accept the checks under that condition, so the money simply went into the general fund.

Senator KENNEDY and I feel that individual citizens ought to be able to make contributions to the Election Fund. Therefore, we intend to call up our amendment to the public financing bill when it is considered by the Senate next week. In this way, people can improve the election process in a more demonstrable way.

FAIR LABOR STANDARDS AMENDMENTS OF 1974—AMENDMENTS

AMENDMENTS NOS. 989 AND 990

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

Mr. DOMINICK. Mr. President, I submit two amendments which I plan to offer to S. 2747, on behalf of myself and Senator TAFT.

The amendments I plan to offer include the following:

DOMESTIC COVERAGE AMENDMENTS

Each of these amendments would raise the amount of wages on work necessary to be performed for one employer before minimum wage coverage would be afforded. In the Committee bill, coverage is intended after a domestic worker has earned more than \$50 in one quarter from one employer, a figure which averages out to about \$4 per week.

One of my amendments would raise the initial threshold at which coverage begins to employment at 24 hours per week for the same employer. This approach would require a meaningful "work week" with the same employer before minimum wage is extended.

The second amendment would raise the initial threshold to \$200 per quarter from one employer. This amendment would require

earning roughly \$16 per week from the same employer before coverage would be extended.

As reported, the Committee bill will result in more unemployment for domestic workers and administrative headaches. An approach requiring at least some meaningful contact between the employer and the domestic before coverage is extended is more desirable than the Committee approach.

**DISAPPROVAL OF PAY RECOMMENDATIONS OF THE PRESIDENT—AMENDMENT**

AMENDMENT NO. 991

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

Mr. CHURCH (for himself and Mr. DOMINICK) submitted an amendment intended to be proposed by them jointly to the resolution (S. Res. 293) to disapprove pay recommendations of the President with respect to rates of pay for Members of Congress.

**HOUSING ACT OF 1974—AMENDMENT**

AMENDMENT NO. 992

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

**TENTATIVE SCHEDULE OF SENATE APPROPRIATIONS HEARINGS ON THE 1975 BUDGET FOR THE DEPARTMENT OF AGRICULTURE, ENVIRONMENTAL AND CONSUMER AGENCIES**

[This schedule of agency hearings is subject to change as hearings progress]

Date and time	Agency	Room No.	Date and time	Agency	Room No.
Mar. 11, 1974:			Mar. 25, 1974:		
10:00 a.m.	The Secretary of Agriculture	1318	10:00 a.m.	Departmental Administration and Management Services	1318
2:00 p.m.	The Secretary of Agriculture (continued)	1318	2:00 p.m.	Agricultural Marketing Services	1318
Mar. 12, 1974:			Mar. 26, 1974:		
10:00 a.m.	Rural Development Service, Cooperative State Research Service	1318	10:00 a.m.	National Agricultural Library, Economic Research Service	1318
2:00 p.m.	Extension Service	1318	2:00 p.m.	Farmers Home Administration	1318
Mar. 13, 1974:			Apr. 2, 1974:		
10:00 a.m.	Animal and Plant Health Inspection Service	1318	10:00 a.m.	Consumer Product, Safety Commission	S-128
2:00 p.m.	Statistical Reporting Service, Farmer Cooperative Service	1318	3:00 p.m.	Food and Drug Administration	S-128
Mar. 14, 1974:			Apr. 4, 1974:		
10:00 a.m.	General Counsel, Audit and Investigations	1318	10:00 a.m.	Consumer Information Center, Office of Consumer Affairs, Farm Credit Administration	1318
2:00 p.m.	Agricultural Stabilization and Conservation Service (including CCC)	1318	Apr. 8, 1974:		
Mar. 20, 1974:			10:00 a.m.	Environmental Protection Agency	1318
10:00 a.m.	Rural Electrification Administration	1318	Apr. 9, 1974:		
2:00 p.m.	Soil Conservation Service	1318	10:00 a.m.	Commission on Water Quality	1318
Mar. 21, 1974:			10:30 a.m.	Council on Environmental Quality	1318
10:00 a.m.	Commodity Exchange Authority, Packers and Stockyards Adminis-	1318	Apr. 10, 1974:		
2:00 p.m.	Agricultural Research Service	1318	10:00 a.m.	Federal Trade Commission	1318
Mar. 22, 1974:			Apr. 30, May 1, 2,		
10:00 a.m.	Food and Nutrition Service	1318	1974:		
2:00 p.m.	Federal Crop Insurance Corporation, Foreign Agricultural Service (including Public Law 480)	1318	10:00 a.m.	Members of Congress and public witnesses	1114

**ADDITIONAL STATEMENTS**

**PAY INCREASES FOR THE JUDICIARY**

Mr. STEVENS. Mr. President, I am particularly concerned about the situation in our Federal judiciary. These judges have not received a pay increase in 5 years, while the cost of living has gone up more than 30 percent. Is it any wonder that talented young lawyers are reluctant to give up private practice and accept positions on the Federal bench, when they see the sort of salary treatment afforded our judges? Two district judges have already been forced to resign because of these inadequate salaries, and others will surely follow if this pay increase does not go through. To illustrate the sad situation faced by our Nation's judicial system, I ask unanimous consent to have printed in the RECORD

the following letter from Rowland F. Kirks, Director, United States Courts.

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

ADMINISTRATIVE OFFICE OF THE  
UNITED STATES COURTS,  
Washington, D.C., February 28, 1974.  
Hon. THEODORE F. STEVENS,  
The U.S. Senate, Old Senate Office Building,  
Washington, D.C.

DEAR SENATOR STEVENS: Your office has inquired as to the view of the Judicial Branch of our federal government with respect to judicial salaries and the recommendation of the President to the Congress dealing with this subject.

As you can appreciate, there is no official judicial position on this subject but there is a strong feeling throughout the system that I sense to be as follows:

If there is any merit to the concept of comparability, equality, parity, fair play, or call it what you may, an increase of at least

**TENTATIVE SCHEDULE OF HEARINGS OF THE SUBCOMMITTEE ON APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE, ENVIRONMENTAL AND CONSUMER AGENCIES**

Mr. McGEE. Mr. President I wish to announce the tentative hearing schedule for the Appropriations Subcommittee for the Department of Agriculture, Environmental and Consumer Agencies.

I want to emphasize that this is a tentative schedule and undoubtedly some changes will be made as we proceed with the hearings. Anyone interested should keep in contact with the subcommittee staff—room 1110, Dirksen Office Building, extension 7272 or 7240—for any changes.

While some changes will be made on the schedule for governmental witnesses, we do plan to adhere as closely as possible for the schedule for Members of Congress and public witnesses. These dates, April 30 and May 1 and 2 are being coordinated with the Appropriations Committee in the House of Representatives and these dates are rather firm.

Anyone wishing to present testimony to the subcommittee should contact the staff and I am certain that the necessary arrangements will be made.

The tentative schedule is as follows:

50% is justified. This view is predicated upon three facts.

First, since the last judicial salary increase all other federal employees, exclusive of those covered by the Salary Commission, have received a 27.4% increase.

Second, the President in January 1973 announced that these same federal employees could expect to receive at least a 5.5% increase annually in the future. Accepting this as a fact the projection to 1978 will amount to a 22% increase over the intervening years before the next Salary Commission would come into being to make its recommendations. When the 27.4% and 22% are added together they total 49.4%. However, these percentage figures are non-cumulative. When they are computed cumulatively, which is the more accurate method, rather than totaling 49.4% increase they total 62.8% increase.

Third, if a constant lag behind all other federal employees is to be avoided, it is proper for the Congress to anticipate the increases that all other employees will receive during

the four-year freeze period when judicial salaries will remain static. This means that whatever is done in 1974 will be binding upon judges until 1978 which would be the next date on which this four-year cyclic Commission operates. Since the salary increases are never retroactive what is lost annually in the absence of an increase is lost permanently.

The Bureau of Labor Statistics of the Department of Labor indicates that during this same period of time that Government employees have been receiving their increases, organized labor has likewise been receiving the annual increases set forth in the enclosed table.

Some judges have checked with their former law partners and have determined that since they ascended to the bench their former law partners have had an annual increase in their income in excess of that realized by organized labor and other federal employees.

Judge Thomas A. Masterson of the U.S. District Court for the Eastern District of Pennsylvania and Chief Judge Sidney O. Smith, Jr. of the Northern District of Georgia have just recently resigned from the bench because of the inadequacy of their judicial salaries. Judge Frederick B. Lacey of New Jersey has also publicly announced his intention to resign for the same reason. There is serious discussion among other fine young judges who likewise intend to resign unless their salaries are significantly increased.

It is reliably reported that fifteen lawyers in one area have declined judicial appointment because of the inadequacy of judicial salaries. I doubt if the proposed increase would entice any of them to change their mind.

So far as the Judiciary is concerned I am not aware of a single judge not feeling he is entitled to a substantial increase in salary. One may draw his own conclusion as to whether an annual salary increase of 2.5% (this figure is arrived at by dividing the proposed 22.5% increase over the next three years by the 9 years for which it will be applicable, 1969-1978) is deemed to be fair, equitable, comparable or meaningful when the rest of the wage earners, in and out of government, will average an annual salary increase of 6.97% (this figure is arrived at by dividing the 62.8% salary increase already received and projected for all other government employees by the 9 years for which it will also be applicable, 1969-1978). I predict if one is not forthcoming there will be more resignations from the bench and still greater difficulty in recruiting new judges.

Enclosed are several tables which may be of interest. I trust this will be of assistance to you.

Sincerely,

ROWLAND F. KIRKS,  
Director.

PRIVATE INDUSTRY PAY INCREASES<sup>1</sup>

	Technical profes- sions (GS-15 equivalent)	Union journeymen (average of 27 construction crafts)	
1969		\$27,092	\$12,209
1970	2.4	27,731	11.4
1971	-0.1	27,714	11.6
1972	11.2	30,827	15,142
1973	2.0	32,368	17,360

PROJECTIONS

1974	5.0	33,987	7.0	18,575
1975	5.0	35,686	7.0	19,875
1976	5.0	37,470	7.0	21,266
1977	5.0	39,344	7.0	22,755
1978	5.0	41,311	7.0	24,348

CUMULATIVE INCREASE

	Technical profes- sions (GS-15 equivalent)	Union journeymen (average of 27 construction crafts)
1973 over 1969	19.5	\$5,276
1974 over 1969	25.4	6,895
1975 over 1969	31.7	8,594
1976 over 1969	38.3	10,378
1977 over 1969	45.2	12,252
1978 over 1969	52.5	14,219

<sup>1</sup> Bureau of Labor Statistics data.

<sup>2</sup> Bureau of Labor Statistics estimate.

Effective date	General schedule pay increases		Comparability in- creases for judges	
	Percent- age increase	Sal- ary grade step 4	Circuit judge	District judge
July 14, 1969		\$23,749	\$42,500	\$40,000
Dec. 27, 1969 <sup>1</sup>	6.0	25,174	45,050	42,400
Jan. 11, 1971	6.0	26,675	47,753	44,944
Jan. 10, 1972	5.5	28,142	50,379	47,416
Jan. 8, 1973	5.1	29,589	52,968	49,853
Oct. 1, 1973	4.8	31,089	55,495	52,231

  

Cumulative loss through 1973		\$26,109	\$24,600
Projections:			
October 1974	5.5	32,799	58,547
October 1975	5.5	34,603	61,767
October 1976	5.5	36,506	65,164
October 1977	5.5	38,514	68,748

  

Cumulative in- crease: <sup>2</sup>				
1973 over 1969	30.9	7,340	12,995	12,231
1974 over 1969	38.1	9,050	16,047	15,104
1975 over 1969	45.7	10,854	19,267	18,135
1976 over 1969	53.7	12,757	22,664	21,332
1977 over 1969	62.2	14,765	26,248	24,705

<sup>1</sup> Approved Apr. 15, 1970, retroactive to Dec. 27, 1969.

<sup>2</sup> Effective Mar. 1, 1969.

<sup>3</sup> These cumulative losses are the total dollars not received by the judges since 1969, because they did not receive the annual increases each year which were received by employees in the general schedule. The \$24,600 total for district judges, for example, reflects the total not received by those judges since 1969-1st, the \$2,400 increase indicated for them by the 6-percent increase awarded to the general schedule employees on Dec. 27, 1969—and this \$2,400 loss was experienced for each of the 4 years, 1970, 1971, 1972, and 1973, 2d, the next increase, granted on Jan. 11, 1971, was also lost to the district judges for a 3-year period, beginning with the year 1971, etc.

<sup>4</sup> It should be clearly understood that the percentages shown in this portion of the table are those reflecting the total increase over the period of years shown. Because of the "compounding effect," any particular cumulative percentage increase will exceed the sum of the individual annual percentage increases during the period covered.

SENATOR MCINTYRE SPEAKS ON  
“BANKING 1974—A YEAR OF MANY  
ISSUES”

Mr. ROBERT C. BYRD. Mr. President, on February 28, Senator THOMAS J. MCINTYRE, of New Hampshire, chairman of the Financial Institutions Subcommittee of the Senate Committee on Banking, Housing and Urban Affairs Committee made a speech in Washington entitled “Banking 1974—A Year of Many Issues.”

In the speech, Senator MCINTYRE commented on legislation presently being considered by Congress and the growing need for bank reform. Because of interest expressed by a number of colleagues, I request unanimous consent that Senator MCINTYRE’s speech be printed in the RECORD.

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

BANKING 1974—A YEAR OF MANY ISSUES

(By Senator Thomas J. McIntyre)

In February of 1970, the President announced the formation of a commission to study financial structure and regulation. The commission was chaired by Reed Hunt, the retired chairman of Crown Zellerbach, and included 19 other members, most of them from the financial institutions community. In December of 1971, the Commission reported its findings to the President, and, as we know, legislation based on the Commission’s report was introduced in October of last year.

Now when the President created the Hunt Commission, he made it clear that it should be concerned primarily with formulating recommendations that would improve the functioning of our private financial system. He also made it clear that he wanted the recommended changes to provide flexibility for any future changes in our economy.

The Hunt Commission, therefore, had a mandate to examine existing financial structures and regulations in relationship to what would be needed later in this decade and for years to come.

But completely lacking was any mention of examining our existing financial structure in the context of bank reform.

Neither the President in his charge to the Commission, nor the Commission itself, gave more than a superficial look at existing abuses and malpractices within the financial industry. Instead, the Commission focused on proposed changes that would increase the flexibility of financial institutions to compete. And this same thrust was followed by the Administration in the Financial Institutions Act.

Now it may well be that given the make-up of the Commission one should not have expected bankers and corporate heads to focus on criticism of the present structure and its inability to meet lending demand. Yet, in fairness, let me say that given the task assigned, the Commission did perform a very useful service in examining competition and regulation and pursuing its goal of putting more flexibility into our financial community.

Surely there are numerous instances of government encroachment into banking that are incompatible with today’s economy. I recognize that fact. The Financial Institutions Act devotes itself to the performance of financial institutions and the need for flexibility to offset the deficiencies in the system that have been revealed in the last decade.

We have all become accustomed to a variety of circumstances that have developed within our economic system within the last few years—circumstances that make it clear that structural and functional changes in the way our financial institutions operate are necessary.

EXAMPLE: Let me ask you when you first heard the term “credit crunch.”

We’ve experienced a number of economic turn-downs in the history of our country, but it was not until the mid-1960’s that economists started calling tight money periods “credit crunches.”

So today we’re working within totally new economic vocabulary. The classic models of the first half of the Twentieth Century suddenly appear dated in today’s economy. And within the last decade, we’ve experienced the credit crunch of 1966, the recession of 1969, the tight money of 1973, and the apparent recession of 1974.

I think it’s evident that we’re reaching a point in our economic history of sudden shifts—from tight—to easy—to tight—to firm—to flexible—to orderly—and back to tight money growth.

What happens in this kind of economic whip-sawing is all too obvious. For the last few years, the masthead of this nation's economy has been "uncertainty." "Stability" and "orderly growth" are terms for an earlier age. But even more ominous is the fact that the new economics are not only at work here—but worldwide.

The days of individual economic systems that operated separately from international markets are over. Today's economy is *world economy*, and any attempts to turn the clock back to simpler times are excursions into fantasy.

What happens in Europe or India or Japan or in the Persian Gulf has direct and immediate impact on our own domestic financial system and capital markets. No longer can we look upon isolated events in strange-sounding places as matters of passing and superficial interest.

Who would have thought ten years ago that we would now be facing a potential worldwide economic calamity caused by a handful of small, sparsely-populated countries ringing the Persian Gulf? Yet here we are, our economy in disarray because of an oil embargo imposed by an exporting cartel whose membership was scarcely known just six months ago.

I wonder how many could have identified Sheik Yemani at this time a year ago.

In short, for the first time in peace time in this century we find our money markets fluctuating daily because of events taking place 10,000 miles away.

Those equity markets are fluctuating some days as much as 30 points up or down. Potential investors are disillusioned and money managers vocalize fears that international events are destroying our ability to maintain orderly growth in our domestic markets.

All this, I would think, makes flexibility absolutely essential. And this applies not only to economic decision-making, but to the structure of our financial community.

It was to meet this need for flexibility that the Hunt Commission made its recommended changes. And it was for the same reason that the President introduced the Financial Institutions Act.

So in all frankness I must say I was surprised by the attitude taken by our financial institutions community toward the President's proposed legislation.

Almost immediately after the bill was introduced, the American Bankers Association, at its annual convention, took a position opposing the elimination of Federal interest rate control authority. And as long as this was part of the Financial Institutions Act, the ABA made it clear it would not support passage.

One by one, each financial institution's trade group has come out against eliminating Federal interest rate controls.

The only recognizable difference among them is that commercial banks want a continuation of rate controls without a differential . . . and thrift institutions vow they will fight to the last to keep interest rate controls with a differential.

But let's talk about interest rate controls. Whom do they benefit? Whom do they injure?

As we all know, interest rate controls apply only to the first \$100,000 in savings. Secondly, this differential has been eroded to where it amounts to only  $\frac{1}{4}$  of 1 percent. So I must ask myself if the issue of interest rate controls is real—or illusionary.

Now I recall—vividly recall—when Congress first passed *temporary* . . . I said *temporary* . . . legislation that placed thrift institutions under interest rate controls for a short one-year period and provided for a differential giving thrifts a  $\frac{1}{2}$  of 1 percent advantage over their commercial bank competitors.

Well, that temporary authority—enacted in 1966—has now been on the statute books for eight years. And during that eight years, it has undergone some change.

Now the key question here is this:

How can you justify a Federal law that denies those savers having less than \$100,000 from obtaining a true return on their funds . . . and at the same time allow the financial institutions that benefit from this interest rate control to charge on their lendable funds what the market will bear?

As some of you may know, I've been harshly criticized in the past, particularly by the economic community, for proposing Federal interest rate controls on loans.

I've been told again and again by the economic wise men that if interest rate controls were placed on the amount of money a lender could charge a borrower that it would destroy this country's money markets and create havoc.

But some of those very same learned economists argue forcefully that interest rate controls must remain on what that same lender has to pay for the funds he borrows.

The logic of this escapes me!

It seems to me that when you talk about interest rate control and its effect on our economy, the economic havoc supposedly comes into play only when it is the *lender* who has to pay the piper.

Now how can any reasonable man who claims to believe in the free enterprise system and claims to believe in competition argue that it is fair to deny a small saver the opportunity to enjoy the free market and competition for his life savings and in the same breath argue that if similar controls were placed on the lender that the economy would be destroyed?

It has been charged that interest rate controls on savings effectively remove the small saver from the competitive marketplace. It has been suggested that what is needed today is maximum flexibility. This could be accomplished legislatively by making it clear that if interest rate control authority remains it would be of a *stand-by* nature. . . . To be imposed only when economic conditions warrant Government intervention.

The argument in favor of interest rate controls on savings has been that if the competitive market were allowed to operate, anti-competitive rate wars would develop, resulting in the destruction of our financial system.

Well, I find that argument pretty damned frightening.

Taken literally, it means that bankers in this country aren't responsible enough to know when to compete and when *not* to compete.

Balancing the *supposed* benefits of savings interest rate controls against the *potential* benefits to small savers in obtaining a competitive rate of return on their savings is a serious question that Congress *must* resolve.

Reaction to the introduction of the Financial Institutions Act—even with its modest proposals—clearly indicates the reluctance of some sectors of the financial community to recognize the role it must play throughout the remainder of this century.

Demand for capital funds from all sources of the economy will increase tremendously over the next twenty-five years. It may well be that by the end of this century, almost all of our monetary transactions will be handled electronically, rather than by currency or checks. The issue of credit allocation will become of greater and greater concern.

Concentration of wealth—which includes among others the issues of the extent of permissible growth of holding companies and the potential public harm of interlocks—

will, in my judgment, become of increasing importance as this decade progresses.

Coupled with the apparent increase in the velocity of change in economic conditions, reform of our financial system will become imperative within the next few years . . . for suddenly the question will not be just greater flexibility, but truly meaningful reform.

I dare say a few years from now, when bankers get together, they'll probably tell each other that the old Financial Institutions Act of 1973 or 1974 was certainly pale and non-controversial compared with the proposed changes facing them then. And it wouldn't surprise me one bit that such discussions will be taking place a lot sooner than some might think.

In closing, then, let me say once more that reform in the financial community is, indeed, an idea whose time has come.

Your attendance here today indicates to me that you know this is no time for complacency. The thought I'd like to leave with you today should underscore that point, for if I am sure of one thing in these uncertain times it is this:

Congress *will* be seriously considering the obvious need for legislative changes in our banking laws. And it would behoove the financial community to devote serious consideration to its intent and its form.

The issue is *not* going to disappear.

The question is whether the financial institutions of this nation are willing to recognize the *need* for change . . . and to play a positive role in bringing it about.

#### FOOD STAMP REGULATIONS FOR PUERTO RICO

Mr. JAVITS. Mr. President, recent regulations, promulgated by the U.S. Department of Agriculture, should be brought to the attention of all who are concerned with the food stamp program. They concern the participation of Puerto Rico in the food stamp program and they indicate that the legislative intent will not be fulfilled. USDA has announced that only five rural municipalities will receive food stamps by June 30, 1974, the statutory deadline. The rest of the island will have to wait for months. The residents of San Juan will have to wait an incredible 8 months until March 1975.

As you will recall, we enacted numerous amendments to the food stamp legislation in 1971. Among those many amendments was legislation that first permitted Puerto Rico, Guam, and the Virgin Islands to set up the food stamp program. Then, in 1973, we required every political subdivision in the United States, Puerto Rico, Guam, and the Virgin Islands to implement the program by June 30, 1974. The only legitimate excuse for failing to implement the program by that deadline, according to our present legislation, is if it is administratively impossible or impracticable to get the program implemented in a particular political subdivision. Thus, in Puerto Rico for example, if the Commonwealth's social services department can get the program implemented, or another agency of the Commonwealth can get the program operational, or a municipality such as San Juan can start the program by the June 30 deadline, then it must be accomplished.

If it cannot be started by that date, it must be implemented at the earliest possible moment by the first feasible method. In short, the people are to

receive their food stamp benefits without further delay.

Because the present legislation offers the hope for new and important assistance for Puerto Rico, the recent regulations are of considerable significance. These regulations were to establish coupon allotment criteria in conformity with amendments that we passed in 1971. Under the legislative provisions, coupon allotments were intended to reflect the cost of obtaining a nutritionally adequate diet in Puerto Rico.

Unfortunately, the U.S. Department of Agriculture's recent regulations do not follow this clear formula and, instead, establish substantially lower benefits than the ones set for the 50 States. A family of four, for example, will only receive \$122 worth of stamps each month—10 percent less than a mainland family of four receives. Since the formula for setting coupon allotments is identical in Puerto Rico as it is for the 50 States, and because that standard is the "cost of obtaining a nutritionally adequate diet," it is evident that any divergent coupon allotments for the 50 States and Puerto Rico would have to be based on the comparative costs for the same items of food. Since food costs in Puerto Rico are higher than food costs in the United States, substantially as a result of Puerto Rico's dependence upon produce shipped from the continent, it is inconceivable that the Department of Agriculture could have set such lower coupon allotments for the island and still believe that it complied with the legislation. The regulations clearly frustrate the statutory objectives.

As to another serious matter, the eligibility criteria, they too were set at discriminatorily low levels in contravention of the legislation. The statute requires eligibility criteria to "reflect the average per capita income in Puerto Rico and the respective territories." As the statute clearly indicated, the Congress wanted eligibility standards to be based on the individual per capita income statistics of Puerto Rico and the territories, so that eligibility could be determined by multiplying the respective statistics by the number of members in a household. As with coupon allotment determinations, the only limitation was that eligibility criteria for Puerto Rico and the territories would not exceed the criteria utilized in the United States. This, however, is a far cry from permitting the egregiously low eligibility criteria that have just been set by the Agriculture Department.

I call on the Secretary to re promulgate regulations that will allow the impoverished people of Puerto Rico their rights to be free from hunger and malnutrition, a right which has been guaranteed to all American citizens by this Congress.

#### BEEF IMPORTS: THE WRONG MOVE AT THE WRONG TIME

**MR. McGOVERN.** Mr. President, the livestock and dairy farmers of my State are wondering rather loudly whether this administration recognizes their present difficulties.

In recent days, a number of livestock

growers and livestock feeders have called me to point out the serious financial bind in which they find themselves.

With corn for feed grain selling at retail elevators in eastern South Dakota at \$2.75, with serious shortages of phosphate feed supplements, and falling prices of fat cattle, the livestock feeder faces substantial losses on every animal he takes to market. Some of these livestock feeders tell me they would lose from \$100 to \$150 on every fat steer marketed.

As I have pointed out on a number of occasions, there are two steps which the administration might take to show at least a good faith effort—increased purchases of beef for the school lunch program, and reinstatement of the import quotas on beef shipped into this country.

I regret that the administration has elected to do the opposite. The Department of Agriculture has brought its beef purchase program to a halt, and the President, on yesterday, suspended beef import quotas.

This action will have little, if any, effect on retail prices in the short term. But it signals another note of uncertainty to the livestock feeder, who is less and less willing to replace his feeding stock at today's price levels.

The dairy farmer is in a similar squeeze. With rising costs and almost monthly new orders for added imports of foreign dairy products, he too gets a clear signal not to expand his production if he will be forced to continue selling his product at a loss.

Mr. President, I ask unanimous consent to print in the RECORD an Associated Press dispatch from this morning's Washington Post which reports the unfortunate suspension of beef import quotas, and an article from the Farmers Union Herald of last week which describes the threat to farm prices of more and more imports of foreign food products.

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

#### INCREASING BEEF IMPORTS

President Nixon acted yesterday to remove all restrictions on imports of beef into the United States this year.

As he did last year, Mr. Nixon signed a proclamation declaring that it is in the "overriding economic or national security interests" that meat import quotas be suspended.

The proclamation said that potential imports of meat in 1974 will be 1.5 billion pounds. Allowing these imports will increase meat supplies and thus have an impact on prices, Deputy Press Secretary Gerald L. Warren said.

#### THREAT SEEN AGAINST FARM PRICES

**WASHINGTON.**—President Richard Nixon has promised the nation that he will use executive orders, such as lifting the quota on wheat imports, to crack down on food price increases in the months just ahead.

Anticipated bumper crops this year he described as the "sure way to bring food prices down," but he reassured his audience in the State of the Union Message that food price increases are threatened and "it is our intention to hold these increases to the smallest possible rate through executive actions

such as lifting the quota on wheat imports, an action that I took last week."

While this may have been a promise to consumers, it was regarded as a threat by farm spokesmen in Congress who have fought a series of battles against a long string of such executive orders over the past year or two, most of them with little success.

Such executive actions include:

Removal of all restrictions on importation of red meat, which has persisted now for three years.

An embargo on hides, which Congress forced the Administration to lift by forbidding use of any appropriated funds to administer the embargo.

Repeated lifting of dairy import limits to allow entry into the U.S. of more than 200 million pounds of milk powder, 82 million pounds of butter or equivalent and recently 100 million pounds of cheddar cheese.

Sale of all CCC grain stocks.

Call of all Commodity Credit loans on crops, including an early call on 1973 loans.

Tightening up credit on farm storage facilities in which producers might hold some of their crops for better prices.

Imposition of ceilings, such as the beef price ceilings last year which disrupted cattle markets and wound up causing a 6 per cent decline in red meat production in 1973.

Some rather obvious moves by the Administration to topple more agricultural prices are the drives against the sugar, rice, peanut, tobacco and long staple cotton programs which still have acreage controls and mandatory price supports. Marketing quotas have been boosted over the wishes of men as prestigious as Herman Talmadge, chairman of the Senate Agriculture Committee. He charged USDA in a letter with holding "a knife at the throat" of tobacco growers to make them accept a price-busting 10 per cent increase in flue cured tobacco quotas.

An ad hoc rice committee also charged USDA with removing crop controls to break rice market prices.

The Administration has not concealed its desire to see feed grain prices break to encourage domestic meat and milk output, which has been declining due to costs clearly in excess of prices.

The Administration has not concealed its desire to see feed grain and milk output, which has been declining due to costs clearly in excess of prices.

The USDA itself recently published unprecedented studies of costs of producing hogs and choice steers by quarters through 1972 and the first three quarters of 1973. Itemizing the expenses, it showed them mounting to \$55.25 per hundredweight on choice steers in the third quarter of '73 and \$46.87 per hundredweight for hogs. These costs, roughly comparable to today's although some items have moved each way, compare to choice steer market prices now at or under \$50 per hundredweight and hog prices at \$41-\$42 per hundredweight. The figures indicate producers are losing \$50 to \$70 per head on 1,050 pound choices steers and \$10 to \$15 each on 220 pound hogs.

Milk cost and price studies also indicate that although milk is bringing record high prices, the milk feed ratio, or amount of feed that one pound of milk will buy, is substantially below a profitable level. In January, a pound of milk would buy 1.48 pounds of dairy ration compared to 1.82 pounds in January 1970, an all time high, and 1.43 pounds in January 1965, the lowest January on record.

The index of farm production costs moved up 17 per cent in 1973.

Whether or not the Administration will take such increased costs—now considerably more than 17 per cent due to fuel and fertilizer price rises—into consideration before it uses executive actions to stop food price rises, remains to be seen.

### SMOKING AND HEALTH EDITORIALS

Mr. COOK. Mr. President, on February 19 the junior Senator from Utah called our attention to a series of editorials broadcast repeatedly by WMAL to advocate certain further extensions of the authority of our Government in the smoking-health controversy.

As has been characteristic of so much of this controversy, we were given only part of the story. In fact, in an effort to present some degree of balance to the listening and viewing public, WMAL made available its facilities for responses by Mr. William Kloepfer, Jr., a spokesman for the Tobacco Institute. In that same spirit, I ask unanimous consent that those editorials, as broadcast by WMAL, be printed in the RECORD at the conclusion of my remarks.

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

#### EDITORIAL REPLY TO WMAL—1

If you feel bombarded by anti-smoking editorials last week, hang on for some new facts.

First: Those illnesses said to be caused by smoking are in every case afflictions of non-smokers as well. Let's not think of tobacco as the scapegoat—and thereby discourage research so badly needed on the true causes of illness.

Second: Let's not rush to Uncle Sam to take away our right to make our own informed judgments, as adults, about whether or not we want to smoke.

Third: Let's demand the facts about smoking and health, instead of endless repetition of familiar propaganda. Then we can honestly make up our minds. Later, we'll tell you what the tobacco industry is doing about this.

#### EDITORIAL REPLY TO WMAL—2

You've heard about youngsters and smoking. The Tobacco Institute believes smoking is an adult custom, to be decided—for or against—by mature people in light of the facts. That's why cigarettes are not advertised in publications with young audiences. That's why every ad shows the Surgeon General's opinion about smoking, and "tar" and nicotine figures. That's why tobacco companies have put nearly 50 million dollars into the hands of smoking-health research scientists, to learn the truth, and report it in medical journals for their colleagues to see. King James turned up his nose at tobacco nearly four centuries ago. There's been controversy ever since. But one conclusion is incontestable: Propaganda and prohibition won't settle it. Facts from research will.

### IMPOUNDMENT OF LABOR-HEW FUNDS

Mr. BIDEN. Mr. President, on December 18, 1973, the President signed into law the Labor-HEW appropriations bill for fiscal 1974. That legislation contained a provision which allowed the administration to impound up to \$400 million in appropriated funds with a 5-percent impoundment limit on each program. Because I disagreed with this provision, I voted against the fiscal 1974 Labor-HEW appropriations bill. Recent events have reinforced my belief that the action I took then was correct.

The Labor-HEW appropriation contained Federal funds for State advisory

councils on vocational education, and set a minimum of \$50,000 for each State's council. However, subsequent impoundment of funds for this program reduced the congressional allocation to the point where there are not sufficient funds to distribute to each State even the minimum figure of \$50,000, a figure which was, as I understand it, a mandatory sum.

It is my belief that the administration has again exceeded its constitutional authority, and this time the victim is vocational education. There are currently 38 States receiving less than the congressionally mandated minimum funding, and Delaware is among them.

Mr. President, in an effort to draw attention to this disturbing situation, I would like to share with my colleagues a resolution adopted by the Delaware Advisory Council on Vocational Education, which expresses the need for adherence to the mandatory language of the Labor-HEW appropriations bill as passed by Congress.

I therefore ask unanimous consent that the text of the resolution be printed in the RECORD.

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

#### RESOLUTION—ADEQUATE FUNDING, STATE ADVISORY COUNCILS ON VOCATIONAL EDUCATION

Whereas, the duties and responsibilities assigned State Advisory Councils on Vocational Education have been difficult to accomplish with the funding provided for State councils; and

Whereas, the initial minimum funding base for State Advisory Councils on Vocational Education was arbitrarily set because the full amounts authorized by Congress were not appropriated by the Office of Management and Budget; and

Whereas, many of the minimum States have incurred indebtedness in trying to conscientiously carry out the responsibilities under the act while the larger States were developing excessive carryovers of funds; and

Whereas, the Delaware Advisory Council on Vocational Education has been forced to go to a part-time staff due to lack of adequate funding; and

Whereas, the minimum funding base was admittedly inadequate from the initial allocation with the concession that the base would be raised as soon as allocations were increased; and

Whereas, it was the specific intent of the Congress in raising the base of appropriations that each State council was to receive the minimum funding of \$50,000. Therefore, be it

Resolved, That the funding base for the minimal State Advisory Councils on Vocational Education should be increased before considering a flat across-the-board increase to all States.

Date: February 19, 1974.

DELAWARE ADVISORY COUNCIL ON VOCATIONAL EDUCATION.

### PLAYING PARTISAN POLITICS WITH ENERGY

Mr. HANSEN. Mr. President, breaking with tradition, several members of the minority on the Interior and Insular Affairs Committee, believing it important that certain facts be better understood, read opening statements prior to hearing testimony from John Sawhill, Deputy Administrator, FEO, when he appeared

at the oversight hearings Wednesday.

As nearly as the Senator from Wyoming can ascertain, none of the five statements from the committee's Republican side was noted in the Washington press.

It seems appropriate, therefore, that these statements be made a part of the RECORD.

I ask unanimous consent that my statement be printed in the RECORD.

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

#### STATEMENT BY SENATOR HANSEN

The time has come to end playing partisan politics with energy. The Emergency Petroleum Allocation Act is an example of partisan politics. It did not have to be so, but regrettably it was.

The Administration pointed out its deficiencies before the bill became law. The Administration made clear its objections before action in the Senate, in the House, and in the Conference. Members of this committee raised similar if not identical points. All of our suggestions fell on deaf ears because the name of the game has been partisan politics.

I'm not certain those whose proxies were voted time after time after time really ever heard the reasons why such a law would not work.

The horrendous problems presented by the allocation legislation were problems that could have been avoided.

Had we acted in a manner which took the interests of the American public into account rather than partisan politics we could have avoided the problems we were creating. Specifically, the pro-rata distribution of crude required by the Act has throttled competition in the industry. It has stopped new refinery construction. It has killed incentive for importing additional crude supplies.

At the request of the majority, Secretary Simon was requested to comment on certain provisions of the allocation bill. As early as October first of last year, Mr. William Johnson, Special Assistant to Secretary Simon, responded to the request to the Administration for comments regarding the bill. His remarks appeared in a letter addressed to Mr. Curtis of the House Commerce Committee staff with a copy to Mr. Van Ness of this Committee's staff with specific regard to the section calling for pro-rata distribution of crude.

Mr. Johnson commented and I quote:

"Paragraph 4(b) requires, among other things, that a pro-rata share of production increases of 1972 levels by refiners be sold to independent branded and nonbranded marketers. This may very well stifle new refinery expansions. In line with our discussions on September 27, my staff contacted several major oil companies to ask their view of the effects of this proposed requirement. Of the responses received, two companies said that this requirement may dampen interest in refinery expansions because of economic penalties but did not have sufficient time to develop supporting data. One company did not mention this disincentive but did raise another important objection. The needs of customers for products from refinery expansions will probably not fit existing distribution patterns. Yet this requirement would force a pro-rata share to existing independent branded and nonbranded customers. As a result the distribution system would not match future customer requirements and could create considerable inefficiency in the product distribution system of the petroleum industry."

This was timely advice but was ignored. The bill was passed and the predicted problems arose—problems which could have been avoided.

The Johnson letter raised one other point. It stated, and I quote:

"Several companies have also indicated concern that allocation of imported product would cause imports to be curtailed. I concur and also urge that imported products be excluded from this act."

This advice too, was ignored. No wonder a recent poll indicated a 21 percent public confidence factor in the Congress. So long as the Congress refuses to act responsibly the American public will continue to distrust us.

As these oversight hearings are convened one fact must be understood. The issue is: Why is the Emergency Petroleum Allocation Act a bad law? The issue is not: What has the Federal Energy Office done wrong? You can't make a silk purse out of a sow's ear nor can a sound allocation program be fashioned out of a bad law.

The overriding problem with the law and necessarily with the program which implements the law is that imports of crude are discouraged.

The pro-rata sharing requirement coupled with the pricing requirement spells disaster. Certain major oil companies are permitted, in fact encouraged, to buy crude from their competitors at "rip off" prices. The result is not only anti-competitive but it discourages crude imports which in turn must be sold to competitors at less than cost. Worse yet, the only means of improving costs for crude which must be sold to competitors is for the penalized major oil companies to punish their own customers with higher priced products. What kind of protection is this for the American consumer?

There is only one energy resource that can provide national energy self-sufficiency within the next few years and that resource is petroleum.

Regardless of what anyone may think of the major oil companies—and I understand the urgency in identifying whipping boys and scape goats when things go wrong—every shotgun blast such as the Emergency Petroleum Allocation Act and the Energy Emergency Act aimed at the big oil companies also knocks the feathers out of about 10,000 independent oil and gas drillers and producers. And they are the ones who account for most of the domestic exploration and drilling inland in the lower forty-eight states.

The TV inquisition of the major oil companies may get some votes in the short run but it won't get any more oil or gas to the pump.

Since the Senate passed S. Res. 45 almost three years ago this committee assisted by three other committees has labored mightily in its deliberations on a study of national fuels and energy policy and brought forth one bill that has anything to do with increasing oil and gas supplies. That one bill was the Alaska Pipeline bill.

Failing to pass positive, forward looking legislation is one thing. But enacting counter-productive, punitive legislation such as the Energy Emergency Act—with the price rollback requirement—is something else. By creating such an atmosphere of uncertainty we are actually discouraging the industry from making the long-term decisions and capital commitments that are the only real solutions to our problems.

If this allocation act isn't changed, instead of a 76 percent national refinery supply/capacity ratio, we will soon see even that go down. There will be no choice then but to implement a Federal rationing program. If our purpose is to prove that we must have rationing we're on the right track. The Emergency Petroleum Allocation Act moved us a long way down that road. If it becomes law, the Energy Emergency Act will get us the rest of the way. Under these circumstances rationing could be with us a long time.

This miserable law must be amended so

that the allocation program will no longer: discourage imports, discourage competition, discourage new refinery construction, and penalize the American consumer.

Just as important, Mr. Chairman, as my colleague from Arizona has so adequately demonstrated, we must also stop penalizing domestic production by threats of price rollbacks.

While some may doubt it, we can make matters worse.

But on the other hand we could try to demonstrate to the American public that Congress can and will act responsibly.

The decision is ours.

As a final comment, Mr. Chairman, I note in the Washington Post this morning that you advised Secretary Simon yesterday that, and I quote:

"We will have to dig a big bomb shelter for you by April if the lines are longer."

I would suggest, Mr. Chairman, that the bomb shelter be big enough for a few senators to share it with Mr. Simon if this allocation law isn't changed.

I don't believe Mr. Simon subscribes to the dictates of that ageless verse of Alfred Lord Tennyson in the "Charge of the Light Brigade" that:

"Ours is not to question why, Ours is but to do and die."

#### THE 1974 NATIONAL FEED GRAIN ACREAGE ALLOTMENT

MR. MCGOVERN. Mr. President, last week I testified before the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices about the need to improve the inadequate 89-million-acre national feed grain acreage allotment.

The March issue of Farm Journal explains in simple and understandable terms how the disaster payment provision of our 1973 Farm Act works. The article points out that disaster payments, in the event of inability to plant or harvest, would be made only on a farmer's allotted acreage, leaving him unprotected on acreage in excess of the allotment.

I ask unanimous consent that my testimony before the subcommittee, and the aforementioned magazine, be printed in the RECORD.

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

#### STATEMENT OF SENATOR GEORGE MCGOVERN AT HEARINGS ON NATIONAL FEED GRAIN ACREAGE ALLOTMENTS, FEBRUARY 21, 1974

MR. CHAIRMAN, I command you and the Subcommittee for scheduling these hearings on a matter which may not seem to be of any particular significance for our feed grain producers during the present crop year, but which may have long-term and potentially quite significant implications to both our farmers and to the Nation's food supply.

By administrative action, the Secretary of Agriculture has established a national feed grain acreage allotment of 89 million acres.

The Agriculture and Consumer Protection Act of 1973 requires the Secretary to establish an allotment of acreage which will produce the quantity of feed grains necessary for domestic and export needs. In addition, the law empowers the Secretary to increase or decrease the total allotment to increase or decrease the carryover, after domestic and export needs are met.

It is clear that 89 million acres of feed grains will not meet expected domestic and

export needs, let alone add to a rather small carryover. This Subcommittee knows that; the Department of Agriculture knows that; I suspect the Office of Management and Budget knows it too.

The Department's planting intentions report for January first shows an expected feed grain acreage this year of 106.3 million acres. That acreage, with optimum weather conditions and availability of fuel and fertilizer, will add little if any to an already narrow carryover.

In the 1973 crop year, the Secretary set a base of 130 million acres.

I have introduced legislation which would require that the feed grain acreage allotment be set at a minimum of 100 million acres. It is important to farmers, to consumers, and to feed grain users such as livestock and poultry feeders and dairy farmers that such a proposal be adopted.

It is important to feed grain producers that they know far enough in advance that, in the event of planting or harvesting disaster which requires partial payment under the act, or in the event that the market price falls below the target price, that they will receive a minimum compensation.

Under an 89 million acre allotment, many feed grain producers will plant as much as double the acreage in their allotment. But under the 1974 allotment as set by the Secretary, they would receive payment for only their acreage allotment.

Although it is not likely that prices will drop to the target price levels in this marketing year, establishment of an inadequate base creates a dangerous precedent for coming years in which the price may very well fall.

Clearly, an 89 million acre allotment does not provide the incentive for expanded production which was the intent of this Congress when it enacted the 1973 farm act.

It is important to consumers and to buyers of animal feed also that the allotment be increased to provide the incentive for feed grain producers to grow the maximum.

The Department, the Congress and most farmers have a common interest in meeting the growing food and feed needs of our Nation and the world. But it is unfair that the Department ask American farmers to bear more than their fair share of the risk.

Therefore, I consider it essential, as a minimum step, that we enact my legislation which would strengthen the target price system, reinstate the cost-of-production adjustment clause for the 1975 crop year, and provide a minimum national feed grain acreage allotment of 100 million acres.

MR. CHAIRMAN, I submit for the Record a Telegram from Mr. Ben Radcliffe, president of the South Dakota Farmers Union, largest farmers' organization in my State.

[Telegram]

HURON, S. DAK.,  
February 15, 1974.  
Senator GEORGE MCGOVERN,  
Capitol Hill, D.C.:

Regarding February 21 hearing in the Senate Agriculture Subcommittee on the 89 million acre feed grains paying allotment announced by the administration for 1974, South Dakota Farmers Union urges an increase in the allotment to at least 100 million acres.

The administration's 89 million acre figure is below the acreage intended in the 1973 act because it makes no allowance for some 8 to 9 million acres of corn for silage, and because it includes no acreage to rebuild carry over stocks.

Farmers Union supports the provision of your bill (S. 2880) that would increase the 1974 feed grains allotment to 100 million acres, and we support you in working through the February 21 hearing and otherwise to

get this figure adjusted to its proper level during this initial year of the 4 year 1973 Agriculture Act.

Sincerely,

BEN RADCLIFFE,  
President, South Dakota Farmers Union.

[From Successful Farming magazine,  
February 1974]

WASHINGTON REPORT

Sharply higher production costs and increased acreages add up to the most money you've ever had to invest in a single year. But there's also good news. Read this interview with Robert Hanson, Director of Program Operations Division, ASCS, for an explanation of the new program of Federal disaster payments. Then check our Money Management report on improved all-risk crop insurance policies. It's possible to collect for a crop loss under both of these programs.

Q. Just briefly, what is the new disaster payment program? And what's the purpose of it?

A. It's part of the new farm program Congress enacted last year. It authorizes USDA to make payments under certain conditions to feed grain, wheat and cotton farmers whose production—as a result of a natural disaster—is less than their allotted acreage multiplied by their normal yield.

Q. When does the program become effective?

A. With this year's crops, including 1974-crop wheat which was planted last fall.

Q. Under what conditions will a farmer be entitled to a payment? Could you give an example?

A. There are actually two parts to the program: First, payments to farmers who are unable to get their crops planted and, second, payments to farmers whose crops are severely damaged or destroyed. The rules and the arithmetic differ somewhat so it would be best to explain and illustrate these two sections separately.

Under the "prevented planting" provisions, a farmer is entitled to a payment if, because of a disaster, his total planted acreage of all non-conserving crops is less than his combined feed grain and wheat allotments.

As an illustration, assume a farmer has a feed grain allotment of 100 acres. He'd be entitled to a prevented planting payment only if his total planted acreage of all non-conserving crops, including soybeans, is less than 100 acres, because of a natural disaster.

Q. Then if a farmer with a 100-acre feed grain allotment was unable to plant any feed grains but was able to plant 100 acres of soybeans, he'd get no payment under this program?

A. That's right, because his total planted acreage of non-conserving crops in this case would not be less than his 100-acre feed grain allotment.

Q. Suppose the farmer was unable to plant any acreage of non-conserving crops, what payment would he get?

A. The payment would be computed on his normal yield times his allotted acreage. For example, if his 100-acre feed grain allotment was entirely corn and he had a normal yield of, say, 100 bu. per acre, he'd be paid for a 10,000 bu. loss. That's 100 acres times 100 bu. per acre.

Q. What is the payment rate per bushel?

A. It's one-third of the farm program "target price" for the crop involved. The target price for corn is \$1.38 per bu. so the payment would be 46¢ a bu. The farmer in the example would thus be paid \$4,600 for a 10,000-bu. loss.

Q. What are the payment rates for other crops?

A. Barley, 38¢ a bu.; grain sorghum, 44¢ a bu.; and wheat, 68¢ a bu.

Q. What about the second part of the program, payments where crops are damaged or destroyed?

A. The farmer is eligible for a payment if his actual production is less than two-thirds of the product of his allotment times his "program" yield. The program yield used by ASCS may be used below or equal his "normal" yield.

Using the same example of a farmer with a 100-acre feed grain allotment that consists entirely of corn, assume his program yield is 90 bu. He is entitled to a disaster payment if his total production is less than 6,000 bu., two-thirds of 9,000 bu.

Q. What is the payment in this case?

A. This will depend on his actual production. Let's assume it's 3,000 bu. Since it is below 6,000 bu., he is eligible for a payment. The payment is based on the difference between his actual yield and normal yield. If his normal yield is 100 bu. an acre, and he has a 100-acre allotment, he is paid for the difference between 10,000 bu. and his actual production of 3,000 bu. He'd thus be paid for a 7,000-bu. loss. At 46¢ a bu., this would come to \$3,220.

Q. What if the farmer's actual production had been above 6,000 bu.—say 6,100 bu.? Or even 6,001?

A. He wouldn't be entitled to any payment because his production wasn't less than two-thirds of his allotment times his program yield.

Q. In figuring actual production, will you count only the production on his acreage allotment?

A. No, we will count the farm's entire production of the crop. This includes production on acreage in excess of the allotment.

Q. Under either section of the program, are there any payments for crops other than feed grains, wheat, and cotton?

A. No.

Q. Does a farmer have to "sign up" to be eligible?

A. There is no sign up as such. However, an acreage certification report must be filed with the local ASCS office. Farmers will be notified when these reports are due. I should also point out that a farmer should check with the ASCS to obtain a "release" before making any other use of acreage he is unable to plant or on which he has experienced a crop loss.

Q. When will payments be made?

A. For prevented plantings, claims should be made and payments will be mailed after the end of the normal planting season. For damaged or destroyed crops, the payments will be made after the normal harvest period.

FOOD STAMPS FOR PUERTO RICO

Mr. CASE. Mr. President, I rise to voice my deep concern over the regulations just promulgated by the Department of Agriculture concerning participation by Puerto Rican households in the food stamp program. These regulations discriminate against some of our poorest citizens who are in greatest need of this program.

In what amounts to a double assault on the rights of poor people in Puerto Rico, the Department of Agriculture has set arbitrarily lower eligibility standards and coupon allotments for the island. This runs counter to the statutory language of the 1971 Amendments to the Food Stamp Act, which for the first time authorized participation by Puerto Rico, and the territories, in this program. The law states that the "eligibility" schedule is to "reflect the average per capita income" in the respective territories so long as such eligibility does not exceed the eligibility standards established for the 50 States.

Thus, under the law, one simply should multiply the household size by the per capita income of the territory to come up with the eligibility figure. Should this figure exceed the eligibility standard set for the 50 States, it is required that the national eligibility standard will apply.

In the case of Puerto Rico, however, the Agriculture Department has set a much lower standard of eligibility than the U.S. standard, totally in violation of the statutory provision.

Coupon allotments, which determine how much money the family will actually have available for food purchasing, are one of the most important aspects of the program. According to the law, the coupon allotments for the respective territories are to reflect the "cost of obtaining a nutritionally adequate diet." Because this is precisely the principle that applies to the allotments for the 50 States, a comparison of United States and Puerto Rican food stamp allotments must be based on the comparative food costs between the 50 States and Puerto Rico. If food costs are higher in Puerto Rico, then coupon allotments for the island cannot be lower. Yet, although we are told that food costs in Puerto Rico are 20 percent higher than they are in the United States, the Agriculture Secretary has nevertheless decided to establish coupon allotments that are well below the allotments for the 50 States. They provide, for example, \$122 monthly for a family of four instead of the \$142 provided to a mainland family.

I urge the Secretary to recall these schedules and issue eligibility and coupon allotments which are in keeping with the statutory requirements. Discrimination against our poorest people must not be allowed to continue. The food stamp program is vital to their health and well-being. The residents of Puerto Rico are entitled to the full benefits of this program. Since the food stamp program must be fully implemented throughout Puerto Rico by June 30, 1974, it is important that the Secretary act quickly to assure that Puerto Rican poor people receive the food stamps to which they are entitled by the end of the fiscal year 1974 deadline.

GEOTHERMAL LEASING UNDERWAY

Mr. BIBLE. Mr. President, as the Senate knows, I have long advocated the development of the Nation's geothermal resources as a potentially massive and invaluable source of clean energy for the generation of electric power—particularly in our Western States. Senators will also recall that it was in December 1970, after some 8 years of effort on a number of geothermal leasing bills and one Presidential veto that we finally obtained enactment and approval of the Geothermal Steam Act of 1970. That act authorized and provided the necessary statutory framework for the opening of the Federal domain lands—exclusive of park, recreation, wildlife, and other specially set-aside lands—for exploration and development of their geothermal potential.

Since 1970, I have been following developments under the Geothermal Steam

Act with special interest—and varying degrees of patience, impatience, and frustration. For it seemed to me that notwithstanding the clear necessity for compliance with environmental laws the Department of the Interior took an extraordinary amount of time in moving its geothermal program ahead.

But patience has its rewards. I am pleased to note that the geothermal resources leasing program the Congress authorized in 1970 has finally been gotten underway in 1974. Approval of the program was announced by the Secretary of the Interior last December. Regulations to govern the leasing of Federal lands for geothermal development became effective the first of the year. Competitive lease sales have been held on three highly promising known geothermal resource areas in California. High offers in this lease sale totaled \$6.8 million. The Shell Oil Co. offered \$4.5 million to develop a leasehold in the Geysers area of northern California, one of the Nation's richest geothermal areas. And it is encouraging to note that since the first of the year, Bureau of Land Management offices in 10 of our Western States have received almost 2,500 applications for geothermal leases.

Also—and highly noteworthy—is the fact that the administration has requested \$47,564,000 for Federal agency geothermal programs for fiscal year 1975. This would be a \$33.6 million increase over the program budgeted for the current fiscal year. This means, I hope, that the administration has finally decided to mount the kind of Federal research, exploration, demonstration, and development programs that are needed to help harness our geothermal energy resources.

The promulgation of the geothermal leasing regulations and the activity since then mark a new stage in our pursuit of this resource. It is also likely that experience with the new regulations and actual experience in geothermal exploration and development will suggest the need for new legislation or improvements in the existing authorities. This is a matter that I will be following with great interest. It is my hope and expectation that the Interior Committees of both the Senate and the House will keep close track of this program with a view to developing whatever additional legislation may be needed to assure that geothermal exploration and development will move forward without delay.

This rush toward geothermal power is well described in an excellent article that appeared in the Wall Street Journal of February 21. I am sure the article will be interesting reading to all who may have missed it, and I ask unanimous consent that it be printed in full in the RECORD following my remarks.

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

[From the Wall Street Journal, Feb. 21, 1974]  
ENERGY SHORTAGE INSPIRES A BIG RUSH TO  
DEVELOP GEOTHERMAL POWER SOURCES

(By Earl C. Gottschalk, Jr.)

Federal lands were opened for the first time last month to exploration for steam and hot-water energy from the earth's innards,

and the tallies of applications now available show that interest in geothermal power is shooting up like a geyser in the fuel crisis.

Bureau of Land Management offices in 10 western states were swamped with 2,456 applications for the privilege to poke around for pockets of potential geothermal power on 5.3 million acres of federal land. The Oregon-Washington region alone, for example, was inundated by 609 applications covering 1.4 million acres. D. B. Lightner, a bureau official in Portland, says 300 forms in the mail would have been cause for excitement.

On federal lands where geothermal resources are already known to exist, competitive bids were accepted for the first time on Jan. 22 in California. High offers totaled \$6.8 million for 23,441 acres. The top bid was put in by Shell Oil Co., which paid \$4.5 million to develop resources on 3,874 acres in the Geysers, one of the country's richest geothermal areas, 75 miles north of San Francisco.

When he saw the Shell bid, bureau official Walter Holmes says, "I almost dropped my store teeth." A decade ago, he says leases on private land in the Geysers were selling for 20 cents an acre. (Other states will open federal land for bids at later dates.)

#### FORGING NEW ALLIANCES

The geothermal rush is drawing hundreds of entrepreneurs besides the big oil and gas companies. It is also forging new alliances of major corporations and small geothermal companies that have know-how in the field. They are all trying to get in on the ground floor in exploiting resource with great possibilities, but one that still has a long technological road to travel before there are profits to justify the high price of leases.

Technological hurdles might be easier to jump now that the fuel crisis is goading the federal government into providing more money for energy research. A proposed \$20-billion federal energy research effort could channel federally guaranteed loans of up to \$50 million into geothermal projects. The Senate recently passed a bill calling for this, and the House is pondering a similar idea.

Nobody is touting geothermal energy as the whole answer to the energy crisis, but by some estimates its contribution to the country's energy needs could be substantial by the end of the century. Only one field is operating commercially so far, providing steam to generate electricity for San Francisco. The power plant, in the Geysers, is a joint venture operated by Union Oil Co. The process, simply enough, is to pass steam or hot water from deep within the earth through turbines or heat exchangers used to produce electricity.

#### COMPETING BIDS

In all, the federal government has staked out 58 million acres in 14 western states where geothermal prospects might be located. They constitute about 60% of the country's geothermal resources. From now on, the government will be opening up lands for lease applications every month.

An applicant isn't expected to have discovered a geothermal resource. But he has to be fairly confident that one is there. For the first five years of the lease, the government charges \$1 an acre rent. In each of the next five years of the lease, the rent goes up another \$1 an acre. And the applicant is also required to spend at least \$100,000 in an attempt to tap geothermal energy.

The smallest parcel available is 640 acres, and the largest, in any one state, is 20,000 acres. When two or more applications are filed for the same tract, as was frequently the case last month, the leases are opened to competitive bidding to resolve the conflicts.

Major oil companies had interests in applications for leases in every state where geothermal land was opened in January. Other big concerns—and even one city—are linking up with geothermal companies,

often to take advantage of leases they already hold on private lands.

American Thermal Resources Inc., a small company that holds a lease in Nevada's Whirlwind Valley, is drilling an exploratory well there with the help of Chevron Oil Co., for instance. Magma Power Co. and its partly owned subsidiary, Magma Energy Co., are two small geothermal concerns that say they are having "serious discussions" with Dow Chemical Corp. about the possibility of developing 75,000 acres of leased geothermal land in California.

#### GEOTHERMAL PAY DIRT

Going it alone, Gulf Oil Co. says it drilled five geothermal wells after entering the arena last year and has eight more on schedule in 1974. A Gulf spokesman says the company has "hundreds of thousands of acres of geothermal leases in the West." Union Oil, the company that runs the geothermal generating plant in the California Geysers area, says it has hit geothermal pay dirt in New Mexico's Sandoval County, north of Albuquerque. A well drilled there, the company reports, was "equal to some of the better wells" in the Geysers, and may have commercial potential.

The city of Burbank, Calif., whose publicly owned utility has been enduring hard times in the energy crisis, is devoting \$1.1 million to a search for geothermal energy. The money was used by a company called Republic Geothermal Inc., to bid on leases in central and southern California. Other small utilities might do well to take notice of Burbank's lead, says Robert Rex, who was a geologist at the University of California and an executive at Pacific Energy Corp. before he formed Republic Geothermal. "They don't want to be at the mercy of an oil cartel in the Middle East that dictates what energy prices will be in the U.S.," he says.

But small utilities and giant companies are finding it somewhat frustrating to get geothermal power out of the ground. They are struggling with the paperwork of environmental impact statements that must accompany the projects. They are faced with materials shortages, particularly a current paucity of pipe. And, most important, many remain slowed by technological problems.

California's Imperial Valley, for instance, is an area harboring a vast reservoir of subterranean hot water, ripe for exploitation. San Diego Gas & Electric has been planning to build a \$3 million geothermal power plant in the valley. But the company has been pushed a year behind schedule because brine in the underground waters fouls the heat exchangers.

#### ADDRESS OF W. J. USERY BEFORE THE NATIONAL PRESS CLUB

Mr. PERCY. Mr. President, during the recent truck strike, the abilities, good humor, and wisdom of many people were taxed to the limit in the effort to resolve the impasse which was threatening to immobilize this Nation. William J. Usery played a major role in the negotiations and deserves a great deal of credit in resolving the matter.

In a speech before the National Press Club on February 25, Bill Usery outlined the sometimes hectic format of the negotiations, and his crucial role. Calling upon his experience as Director of the Federal Mediation and Conciliation Service, he was able to deal with the various groups involved, along with their competing interests, and reach what he terms a settlement rather than a truce. This was not a complete solution because so many of the basic problems which caused the truckers to park instead of drive still

exist, and he catalogs those problems. I believe it is very useful that we keep the larger problem in mind and realize that we still have a way to go before a real truce is achieved.

Characteristically, Bill Usery concluded his speech on a very optimistic note. Citing the truck strike as an example of an incredibly complex, confused, and emotional issue, a meeting of the minds was, nevertheless, achieved, and the strike was ended. He uses this and other examples to prove that we in this incredibly diverse Nation can still work out our problems in a civilized and constructive manner.

Mr. President, I ask unanimous consent that this very timely and thought-provoking speech be printed in the RECORD.

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

**AN ADDRESS BY W. J. USERY, JR., SPECIAL ASSISTANT TO THE PRESIDENT AND DIRECTOR, FEDERAL MEDIATION AND CONCILIATION SERVICE**

It is truly a pleasure—as well as a distinct honor—to share a few minutes with the members and guests of the National Press Club.

I read where President La Motte felt that hundreds more would have been here last Thursday to hear Governor Shapp except that they were all waiting in gasoline lines.

I want to assure you that we didn't delay this weekend's agreement with the service station operators to hold down the Governor's audience—or, in fact, to build mine.

I also want to deny the suggestion that we rushed into action to keep the service stations open so that Governor Shapp could get back to Harrisburg.

On a serious note, I think your government, and especially Bill Simon, did an outstanding job in alleviating the grievances and frustrations of the service station operators.

Their representatives were able to leave Washington knowing that the government had made policy decisions that would help them to operate at a reasonable profit. And the Nation received from them a pledge that they would do their best to extend and realign their hours of operations.

I think that it is essential that all of us keep in mind that in just a few short months, the United States and the rest of the world has had to adjust to a whole new set of circumstances surrounding one of our most basic needs—energy fuel.

This condition has hit our Nation harder than much of the rest of the world . . . harder because Americans use five times more energy fuel than the worldwide average . . . harder because since John Rockefeller developed the Pennsylvania oil fields, we had conditioned ourselves to an energy-rich style of life.

We know now that we must make adjustments. And we know that there are no miracle methods that can be used in making those adjustments. Not all will go smoothly. There have been serious problems—and there will be more.

It is the job of the government to do what it can to make the transition as painless as possible.

That was our objective in the programs developed to answer the legitimate grievances of both the independent service station operators and the independent owner-operator of trucks.

I understand that I have been advertised as the administration's answer to Governor Shapp, a man who has shown deep concern for those who have been caught in the energy squeeze. It will be hard for me to live up to that billing.

Although I wasn't here last Thursday when the Governor spoke from his rostrum, I have it on good authority that he described me as a hard worker . . . a quick study . . . and in general, an indispensable influence in ending the strike of the independent truckers.

Now I have heard about modesty as virtue—I must have heard it from a reporter. In any case, I don't feel quite noble enough to flatly contradict a man with the keen perception of the Governor of the Commonwealth of Pennsylvania.

However . . .

There are, of course, different ways of interpreting the same series of events. And in this respect, the Governor and I do have some differences.

Before I discuss them, though, I want to pass out a couple of bouquets myself.

The first one, properly, is to the Governor. He acted vigorously to meet the problems as he saw them.

He proved to be a reasonable, likeable and intelligent man. At a breakfast meeting with him in his hotel suite, we agreed that all of the energy of everyone involved would be needed to solve the critical problem we were faced with. And we agreed that there would be no room for partisanship in this intensive effort.

I will have to admit that at times, I wondered if the Governor and I shared the same definition of partisanship.

But at no time did I question the sincerity of his approach to finding logical answers to conditions that sometimes seemed to defy logic.

It may be argued that the Governor's actions were unnecessarily dramatic. But it can also be argued with equal force that a dramatization was needed to point up the critical nature of the matter.

I long ago learned that one of the greatest riches a man can have is friends. The Governor and I parted friends, and it is my hope that we will share in the richness of that friendship in the future.

My second bouquet is for you, the ladies and gentlemen of the press . . . and by that I mean the news media as a whole. You reported as fully as you could—and as accurately as you knew—what was an unusually complicated story.

Thanks to you, a very considerable proportion of the public understood, at least in a general way, what all the turmoil was about. And I am sure that your responsible reporting contributed to the patience displayed by the public in the face of the disruptions caused by the work stoppage.

The high standard set in the reporting of this story reinforces my belief that nothing can be more effective in the resolution of disputes than the full and accurate story that the public receives from a responsible press.

Now let me come about as close to my advance billing as I intend to get. Holding to my earlier agreement, I am not going to give you the administration's answer to the governor in a partisan sense. I will simply try to correct some misinterpretations of the record as I know it.

Contrary to some reports, we in Washington had not been blissfully oblivious to the truckers' problems until the governor arrived in the capital.

A primary function of the government is to address the grievances of citizens with problems. And while it was kind of the governor to credit me with a quick grasp of the issues at our first meeting, the fact is that it was more than a grasp. I had been grappling with the problem for more than a week.

We were well aware that the entire trucking industry was having a difficult time adjusting to the severe problems that were flowing from the critical energy situation.

On January 23, we had meetings that were attended by representatives of the trucking industry; by Frank Fitzsimmons, President of the International Brotherhood of Teamsters;

by secretaries Peter Brennan of the Labor Department and Claude Brinegar of Transportation; by Chairman Charles Stafford of the Interstate Commerce Commission, and by Federal Energy Office Administrator Bill Simon.

From the following day—January 24—through January 29, I had a nonstop series of meetings with top officials of the White House and other government agencies and with leaders of the trucking industry—including several organizations representing independent owner-operators.

All during this week, various government agencies coordinated their efforts to bring together a package of actions that would bring quick relief to the two primary problems of the trucking industry—fuel availability and fuel cost.

This culminated in the announcement on January 30 of the fuel-cost pass-through program of the ICC . . . of the intensified efforts by the FEO to increase fuel availability . . . and of the program of the Internal Revenue Service to strengthen its enforcement operations.

In the meantime, the ICC had granted a 4 percent rate increase to cover climbing fuel costs to the iron and steel-hauling truckers.

It was in the wake of these actions that Governor Shapp and his staff arrived in Washington and, on February 1, proposed a 45-day moratorium by the truckers to give the Federal agencies time to implement the necessary programs.

Obviously, neither the Federal Government's actions—which were the key ingredients of the eventual settlement—nor the Governor's suggestion took hold. And so all of us had to dig in and come up with a broader program . . . one that will continue to develop in the months ahead.

During that trouble-filled first week of February, everybody was meeting with everybody. There were groups in hotels, in the Executive Office Building, in my offices, in the White House, at the ICC and the FEO and the DOT. The throttle was full out to bring all possible solutions to the aggrieved trucking industry.

In fact, there was a day when, in darting from meeting to meeting in building after building, my gyroscope went haywire and I lost track of where I left my car. (I finally found it in line four blocks from a gas station.)

The net result of this concentrated attack on a significant problem was, as you know, an end to the work stoppage.

I wholeheartedly agree with the Governor on a significant point: What was achieved two weeks ago was not so much a settlement as a truce. A genuine settlement will be possible, I believe, as our broader program goes into effect.

Meanwhile, it seems to me that we must be realistic about the trucking industry and its problems. Here are a few of those realities:

The problem of driving one leg of a trip without cargo, or deadheading. This is obviously wasteful of fuel and machinery and the skills of the truck drivers.

Conflicting State regulations that result in the drivers having to adjust to new rules as he passes each State border.

The gateway system that forces drivers to travel specific routes rather than the shortest distance to deliver their goods.

The variety of allowable weights and sizes that some say are unfair, others say are wasteful, and everyone says are confusing.

The newly imposed speed limits, which force drivers to work longer to cover the same distance and have a significant and debilitating impact on the paychecks of drivers who are paid by the mile.

The problems that stem from our system of regulating some drivers, and exempting others from both the requirements and protection afforded by those regulations.

The complicated differences between State laws that are applied to intrastate truck transportation—laws that were no doubt originally patterned to fit the types of loads being carried, the condition of the roads and the amount of truck traffic in the particular State. The trucking industry has changed, and some State laws have changed with the industry. But the drivers know that some of the laws are outmoded and deserve a new look.

These are irritants that we are working to eliminate. As a mediator, I need to stay close to realities like these. A mediator must always look beyond the settlement of the immediate problem, and consider what impact the terms may have over the long pull, and how they may affect other parties. In this case, for example, the actions taken by the Government could affect any future negotiations by the teamsters.

In that connection, I want to make a small correction in one part of the record insofar as it describes my role in the recent settlement.

There were times during the final hectic days when I was described by inference as the spokesman for the administration, aligned on one side.

To adapt an expression I heard from a member of a much younger generation, "That ain't the way she played, Dad."

It just didn't happen that way.

True enough, by virtue of my position I am part of the administration. It is equally true that by the nature of my office I do not enter any encounter of this kind as a partisan. I was a mediator, under very unusual circumstances.

The circumstances were unusual because we didn't have two sharply defined sides—in a traditional sense, labor and management—confronting one another with specific demands and proposals.

Rather, we had a variety of trucking industry organizations looking to a variety of Government agencies for help.

My job was to find out, as best I could, what it was that the truckers needed to operate efficiently, and then to find what Government agencies could take the necessary action.

We had the full attention of the President. His order was to do what must be done to bring the trucking industry back to normal. He kept track of every move, and attended many meetings.

In the role of the mediator, I had frequent meetings with the President, with General Haig, with cabinet officers and agency leaders, with Governor Shapp, with officials of the Teamsters, shipping companies, trucking firms and independent owner-operator organizations.

The basic conflict, let us remember, was between the truckers and a set of circumstances—the short supply and high price of fuel.

Since no one has yet figured out how to get at the forces that brought about the circumstances, there had to be a standin—the Government of the United States, or in a practical sense, the Administration.

The spokesmen for the truckers put forward a series of demands, aimed at the circumstances but requiring Administration action. The Administration had its own misgivings, its own reservations, even its own biases, if you will, with respect to the impact of these demands upon its obligation to answer the problems.

There still remained the task of taking the programs of the various groups of independent truckers and the various agencies of government, and bringing them into some kind of focus. This finally happened. But as Phil Shabecoff wrote in the New York Times, no one really knows how.

No one really knows how. I like that as a definition of the mediator. In this one, I

might even add a line from Longfellow's helmsman in "In the Secret of the Sea:"

"Only those who brave its dangers comprehend its mystery."

I look to this experience as an almost classic enactment of Winston Churchill's pronouncement that democracy is the worst possible form of government—except for all others.

The parties were poorly organized and the real issues were vaguely defined. The nature of the conflict was unprecedented and there was no clear-cut mechanism for dealing with it. Hot-heads and hard-heads on all sides brought moments of despair to men of good will.

It was hopeless. But it was settled.

If you think this was a rarity, you are wrong.

It was merely a spectacular commonplace.

It was commonplace because wild improbabilities of this kind come about all the time in my line of work—and no matter what I said a few minutes ago, there is no magic about it.

Take a few samples from this year's collective bargaining.

Iowa Beef Processors, the producers of a significant share of America's beef and other meat products, seemed to be hopelessly entangled in negotiations with the Amalgamated Meat Cutters Union. A strike came at a time when beef was scarce and prices were high.

Compounding the problem was a complex issue involving new and old methods of processing meat and the imminent expiration of contracts among the old-line meat-packing companies. Beyond that, the company and the union had gone through a bitter and bloody conflict before settlement of their previous contract.

Last month, after a work stoppage lasting 189 days, the two sides reached an agreement to arbitrate the remaining issues. But more important, they reached their agreement in an atmosphere that I'm confident will bring a lasting responsible relationship in the future.

Just as the trucking situation was about to erupt, I was in Florida working with the Florida Power and Light Company and the striking members of the International Brotherhood of Electrical Workers. The strike had been pockmarked with violence, and more than a hundred workers had been fired.

The two sides seemed to be permanently frozen in their positions. Yet we found a fair and just way to end the conflict.

Fortunately, not all negotiations involve strikes and lockouts.

We have seen in the past few years a growing trend toward reasonableness and responsibility in negotiations. We are seeing excellent examples of the collective bargaining process working at its best this year.

In the aluminum industry, agreement was reached on a pension plan that includes a cost-of-living escalator—with workers already on pension sharing in the benefits. Mind you, this was a peaceful, voluntary agreement, in an industry where agreements have not always come easily.

About 10 days ago the major can companies went along with a very similar plan.

Not very far off is what used to be a critical date for the American economy—the expiration date of the basic steel industry contracts.

It won't be a critical date this year because the companies and the union agreed, almost a year ago, on a new, experimental approach. They will bargain as before, but if they fail to agree on all matters, those that remain will be resolved by arbitration.

Do these examples suggest a lack of faith by Americans in their ability to solve their problems within the framework of the American system?

Do these examples suggest a lack of faith in the system is misplaced?

True, collective bargaining isn't the only game in town.

But as anyone can read in the history of the last half-century or more, right up to the present day, where there is free collective bargaining there is a free society: and wherever there is a free society the people have the power to solve their own problems.

Whether they have the wit and wisdom to solve them is an issue that Mr. Jefferson and Mr. Hamilton once debated—and which I happily leave for you to decide.

I agree with Governor Shapp that we do have a lot of problems in this country, but I do not despair. Nor do I really believe that the American people are despairing. We will solve our troubles.

After all, we are not now experiencing campus revolts. We are not burning down buildings anymore. The degree of labor-management strikes is at a very low ebb, and has been for at least a year. We are not engaging in a shooting war. We do have troubles, but I have faith that we will solve them. We shall overcome.

#### PAY RAISE OPPOSED

Mr. McGOVERN. Mr. President, in contrast with the vast majority of the American people, the Congress is in an enviable position indeed. We have the power to decide whether our own pay should be raised. And with prices soaring and inflation still the dominant factor in the economic outlook, that is a tantalizing power indeed.

But we would be fools to exercise it.

A recent poll told us that only 21 percent of the American people had much confidence in the Congress. And when older Americans see their pensions slipping away to rising prices; when small businessmen's margins are shrinking; when farmers look forward to a decline in net income; when workers see their paychecks buying less each week; then a congressional pay raise is the surest way to drive that 21-percent figure down to zero.

This conclusion is underscored by what the public thinks. One of the major newspapers in South Dakota, the Aberdeen American News, recently conducted a straw poll, and they found that 100 percent of those responding—every single person who answered, and they came from North Dakota and Minnesota as well as my own State—came down against the raise. As my colleagues know, it is rare indeed to find an issue where at least a few people will not hold differing views. But on this the American News sampling, at least, was unanimous.

Along with the result, the comments of those responding are most revealing. Quite a few suggested that we knew what the job paid before we sought it; if we cannot get along on the money we should let someone else take over—and there is never any shortage of applicants. Others could not see much justice in a cost-of-living raise for Members of Congress, when so few ordinary citizens are able to get the same benefit. One respondent thought we should be paid by the hour.

In the face of those commonsense views, I suggest that anyone who votes to let this increase through is going to

have an enormous problem convincing his constituents that it was the "statesmanlike" thing to do. And if the pay raise is adopted, we are all going to have a hard time convincing our constituents that Congress cares about the people as much as about its own prerogatives.

Mr. President, I ask unanimous consent that the American News report I have described be printed in the RECORD.

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

**CONGRESSIONAL PAY HIKE OPPOSED**

One hundred per cent of those participating in a recent American News straw ballot did not favor a pay raise for U.S. senators and representatives.

Responses were received from 320 persons from 57 towns in North and South Dakota and Minnesota.

The pay raise of \$10,300 by 1976 is automatic unless there is action by members of Congress in either house to block it. The raise would place their annual salary at \$52,500 compared with the \$42,500 they are paid now.

Several of those responding to the straw ballot thought the congressmen did not earn their present salaries.

Some commented that they (the senators or representatives) knew what the job paid before they were elected and if they couldn't get along on the present salary, they should give up the job to someone who would be able to handle it.

One responding person suggested that they be paid by the hour.

Opponents say Congress will set a bad example in fighting inflation if members permit their salaries to be raised.

Others said that the constituents don't get cost of living raises so why should the members of Congress get a raise above the cost of living.

Several said they had not had a raise in close to two years.

Many of those responding to the straw ballot indicated they were elderly and in some cases were getting less than \$3,000 a year to live on and could not see the Congress getting such an increase.

The following are some of the comments:

"Many other people who are more deserving of increases are not getting them. With extras they are already receiving more than they actually earn. Also they should be required to be present for all sessions, or not be paid for time running around giving speeches, etc. The rest of us have to be on the job or be docked for time taken off."

"I object to the three-year aspect of the proposed raise. Most persons are on a year at a time basis. There is also a fringe benefit available to offset base salary."—From Aberdeen.

"If they think they got it rough on \$42,500, how about people trying to make a go with a \$5,000-6,000 yearly income. Let us have help for the poor instead of the rich."—From Isabel.

"I am a construction worker and I have not had a raise in two years. What are they doing for the labor class?"—From Waubay.

"... If pay was all I looked for I would not be a good representative. Most legislators have a business or job of some kind that has been keeping them going to Washington... Somewhere this pay raise has got to stop. When is the crash coming?"

"How do they think some elderly people live on \$1911.60 a year which is my social security?"—From Mobridge.

"No other federal or public employees can control their own wage situation. There are too many hypocrites in Congress now."—From Redfield.

"They should cut their wages as an example to others."—From Gettysburg.

"I strongly recommend we develop a merit system. Big political salaries have caused our country great concern."—From Conde.

"Sometime, somehow, the inflation spiral must stop or our economy will collapse. If those who can raise their own salaries automatically to meet higher prices and stay in the high income bracket are also determining controls needed, what chance do we have to stop it?"—From Aberdeen.

"Let our senators and representatives live within their means, the taxpayers do. Maybe it will teach them to slow down government and overseas spending."—From St. Lawrence.

"Give our struggling service men the raises."—From Mobridge.

"I believe it is time we should all wind down in all demands for more of everything."—From Ellendale, N.D.

"If teachers or other employees worked only three days a week they'd be fired at once."—From Sisseton.

"Congress would set a bad example as so many of our citizens don't even have money to live on."—From Detroit Lakes, Minn.

"If they are in dire need I think they should get food stamps to supplement their salary."—From Onaka.

"If they got paid for what they accomplished, they wouldn't get much."—From Aberdeen.

"The Congress needs to get down to work, set an example in economy and thrift, curtail its numerous trips and vacations and really earn part of \$42,500."—From Webster.

"I voted for Nixon, but I think he is trying to buy Congress with the taxpayer's money."—From Pollock.

"Politicians should not be for personal gain but rather to serve their constituents, as so many of them 'claim' to be doing. I find it hard to believe that a raise is necessary. We could better spend such funds on education, research, etc. where the people would directly benefit."—From Aberdeen.

"Why should those jokers live so high on the hog? We old folks cannot live on \$3,000 a year, yet that don't bother those hogs in Washington. Give this raise to the old people. We are the ones who really worked for it. You guys let the prices rise out of sight so we need \$6,000 a year to survive. Put this in your pipe and smoke it."

**INFLATION AND THE BUDGET**

Mr. DOMENICI. Mr. President, analyses of inflation and its dangers have appeared in several news media outlets recently. We know inflation is rooted in excessive government spending. For this reason, this body has a special responsibility this fiscal year to insure that our actions do not fuel inflation. I am concerned about the recently submitted \$305 billion budget. Will this budget help keep inflation under control? While we all recognize that legitimate and non-discretionary costs make up much of the budget, we should also acknowledge that the Congress and the Executive must now work together to protect the Nation from inflation. Spiraling costs bear down on the poor, further erode the hard-won gains of our workers, undermine the confidence of business in the stability of our economy, and hinder our international dealings. Everyone suffers from inflation, including Members of Congress, who must answer to their constituents when every month another jump in prices makes the front pages and television news. Unless we come to grips with in-

flation, and government spending, public confidence in government will continue to wane. I hope we will all join together in paring the proposed budget where possible, without endangering vital programs or weakening the national defense.

**CONGRESSIONAL PAY RAISES**

Mr. McGEE. Mr. President, lest anyone get the impression that there is no public support for the proposition that government officials who have had no pay raises for the past 5 years should not be denied increases, let me assure my colleagues here in the Senate that there are some reasonable voices favoring these salary increases.

In an editorial which appeared February 11, the Philadelphia Inquirer stated its belief that Congress would be wrong to reject the pay package proposed by the President because it would not be just the affected officials who would lose, but the country.

The Inquirer states:

For the fact is it takes decent, competitive salaries in public life to attract and hold the kind of honest, able men who should be there.

Mr. President, I ask unanimous consent that the editorial from the Philadelphia Inquirer entitled "After 5 years, Raises Are Due," be printed in the RECORD.

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

**AFTER 5 YEARS, RAISES ARE DUE**

It isn't often that anyone turns down a pay increase, but some of the members of Congress say they want no part of the raises proposed in the new Nixon budget for Congress, the Federal judiciary and top Presidential appointees.

Their reasoning is political, not economic. In an election year, they fear the wrath of an unsympathetic electorate.

We can appreciate that sensitivity. Yet we believe that Congress would be wrong in rejecting the pay package and that the ultimate losers would be not just officials who need the money but the very taxpayers the congressmen are fearful of offending. For the fact is it takes decent, competitive salaries in public life to attract and hold the kind of honest, able men who should be there.

It has now been five years since the salaries for any of the positions covered by Mr. Nixon's proposals were raised. In that time, the cost of living has increased by approximately 30 percent. Public officials are no more exempt from the effects of such inflation than anyone else, and right here in Philadelphia a Federal judge recently returned to private practice because he could no longer afford to serve on the Federal bench.

In such circumstances, the President's proposal hardly seems unreasonable. Following the recommendations of a special commission, it calls for increases of approximately 25 percent spread out over three years. That will not even offset the erosion of the last five years, much less the next three.

If any members of Congress are so skittish or so well fixed financially that they insist on rejecting the raise, they can simply do so individually. They should not, however, veto the entire package and thereby penalize or drive from public life other officials who do need the money.

## ENERGY ALLOCATION HEARINGS

Mr. McCLURE. Mr. President, the efforts of the Federal Energy Office to allocate available supplies have been subject to much recent discussion. The Committee on Interior and Insular Affairs, this week held hearings on this question. Because of the importance of public understanding of this basically complex issue, I ask unanimous consent that my remarks at the opening of that hearing be printed in the RECORD.

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

STATEMENT OF SENATOR JAMES A. McCLURE

FEBRUARY 27, 1974.

The energy crisis which the United States is now experiencing was not unexpected. For several years there have been warnings and predictions of shortages, predictions which have unfortunately become too accurate. As Chairman of the House Republican Task Force on Energy and Resources from March 1971 to January 1973, I consistently urged recognition of the true energy situation facing us. During April 1972, I joined with former Chairman Wayne Aspinall in hearings before the House Committee on Interior and Insular Affairs, which proved conclusively that our energy situation was indeed a crisis. But, the Administration and the national news media refused to present this fact to the people. In this refusal, they were joined by many Members of Congress and private citizens. And, unfortunately, industry's efforts to warn the public were ineffective. Now we are reaping the results of that lack of public understanding.

I share the concerns of my colleagues that recent legislation does not provide substantive support for increasing energy supplies. I also am concerned at the threat to individual rights and constitutional procedures. If only the Congress and Administration had begun work earlier to alert the public to this crisis, these serious shortcomings could have been avoided.

It was with extreme reluctance that I supported the reporting of S. 1570, because I did not believe that it would solve the immediate or the long range problems of energy supply or distribution. Undoubtedly, immediate action was needed, but all that we could honestly claim for the measure was that without it the intermediate-term problems might be worse.

The bill did not provide adequate protection against the dangers of Government interference in the essential operations of the petroleum industry. The uncertainties and problems of the voluntary allocation program should have served as an excellent example of the inability of the Federal Government. In this, the Congress must bear an appreciable share of the responsibility. But, as we have seen in the past, the first answer proposed for solving the problems created by misuse of Government authority and control is to give the Government even more authority and control. The result is inevitably a worsening of the problem. The plight of our Nation's railroads stands as just one sorry example.

S. 1570, then, was not an adequate answer to either the immediate shortage of gasoline or to the expected future shortages of gasoline, fuel oil, and other petroleum substances. It did provide, however, for the preparation of plans and regulations for all allocation or distribution. If for no other reason, the preparation should have necessitated a thorough, detailed analysis of the intricacies of the petroleum industry in the United States. I was hopeful that this improved understanding would create a more cautious approach by those individuals who urge imposition of the Federal bureaucracy, with all its attendant delays, inefficiencies,

and political abuses, onto this complex, vital industry. Simultaneously, this improved understanding could have provided the basis for modification of existing Federal and State controls, such as unreasonable fuel sulphur restrictions and price controls, which have contributed to the creation of the national fuels shortage.

At the time we were considering S. 1570, I received a telegram from Mr. John L. Hampsten, of American Falls, Idaho, expressing his alarm at the possibility of government controls, implied by S. 1570. Mr. Hampsten said, "As a small oil jobber I am alarmed at the possibility of government controls such as Senate Bill 1570 over my affairs. Every one is aware of the fact that we have a fuel shortage, but I don't believe that interfering with the free enterprise system and actions of those involved in the oil business is the way to solve the problem." In addition, the President of the National Oil Jobbers Council, Mr. Robert B. Greenes sent me a telegram stating his deep concern, saying:

"On behalf of the National Oil Jobbers Council, we wish to express our deep concern over the oil allocation bill, S. 1570, sponsored by Senator Jackson and soon to be considered by the full Senate. While we support much that Senator Jackson espouses, we are worried that Senate approval of the bill, at this time, will create confusion and undercut the commendable efforts of the Deputy Secretary of the Treasury Simon to establish a voluntary fuel allocation system. That system appears to be working. Independents in many regions of the country have, in recent days, received assurances that deliveries of petroleum products will be resumed. Mr. Simon should be given a chance. If his program is not working by June 1, then Congress should act promptly. A further concern about the Jackson bill is that unlike the Simon program and other measures pending in Congress, it does not guarantee a restoration of supplies to any specific region or to any individual petroleum marketers. Under the Jackson bill, the major oil company suppliers would be free to ignore the essential needs of any region and of any segment of the independent petroleum market."

These two messages reinforced my own belief that the imposition of Federal rationing would create a continuing crisis, of ever-increasing shortages and exorbitant prices. Under the provision of existing law, the Federal government should have worked with State and local governments to alleviate the crisis facing agriculture and transportation, while beginning to remove or change those controls which prevent the necessary increase in supply. The provisions of S. 1570 calling for the preparation of plans and regulations could have helped create the basic understanding and knowledge required for major Congressional and Administration action, in order to guarantee that the present energy crisis will not become chronic, nor will spread to other vital segments of our society.

Now, however, it is apparent that my concern for the harmful effects of S. 1570 was based on legitimate logic. I hope that here today we can begin to work towards solutions to our energy crisis, and not just continue the political rhetoric which has delayed formulation of effective government policies for more than a year.

## FOOD STAMP PROGRAM IN PUERTO RICO

Mr. McGOVERN. Mr. President, it was with dismay that I read the recent Federal Register wherein the Department of Agriculture published the coupon allotment schedules for participation by Puerto Rican households in the food

stamp program. The Department has taken upon itself to decide that participating households will receive substantially lower benefits than households of the same size participating elsewhere by only allowing \$122 for a family of four each month. By contrast, a four-person mainland family gets \$142 monthly.

The Secretary's discrimination is entirely without congressional authorization. In bringing Puerto Rico into the program, Congress required the Secretary to set schedules that reflected the cost of obtaining a nutritionally adequate diet in Puerto Rico. Again, such schedules were not to exceed those in the 50 States. Yet, in direct contravention of our law, the Secretary set Puerto Rican coupon allotments considerably below those effective in the States despite the fact that food costs are higher on the island. Insofar as coupon allotments in the States and in Puerto Rico were to be based on the same standard, the cost of a nutritionally adequate diet, a comparison of allotments had to be based on a comparison of food costs. If, as I have been informed, food prices in Puerto Rico are higher than they are in the United States, it would be violative of our legislation to establish lower benefits for the island. This, however, is precisely what the USDA has done.

Any other course of action would do a grave injustice to the indigent in Puerto Rico. Since the island must gear up its stamp program so that it is implemented throughout the island by June 30 of this year, it is necessary that the Secretary act quickly.

There is a second urgent matter on which he must also act quickly and that is the illegally low income-eligibility guidelines he has promulgated. These guidelines which average approximately 14 percent lower than those for poor families in the United States are in clear conflict with the Food Stamp Act. In the 1971 amendments we established a simple method for such calculations: the average per capita income figure for the island was to be multiplied by the number of people in each family to determine the income-eligibility standard for that family. It is clear that the Secretary has not done this and I call upon him now to calculate the criteria again based upon the legal formula.

## FOOD STAMP BENEFITS IN PUERTO RICO

Mr. PERCY. Mr. President, it has just been brought to my attention that the U.S. Agriculture Department has promulgated regulations of great importance in the food stamp program. The Department has released regulations which will determine the benefit and eligibility schedules for food stamps on the island of Puerto Rico. These regulations are of vital concern because they will relegate impoverished Puerto Ricans to second class treatment in violation of congressional intent.

The 1971 amendments to the Food Stamp Act first permitted Puerto Rico and the territories to participate in our most fundamental feeding effort. The 1971 legislation also prescribed the for-

mula pursuant to which the Secretary of Agriculture was to establish benefit guidelines. As in the 50 States benefits were to "reflect" the cost of obtaining a nutritionally adequate diet." Congress, although recognizing that the cost of food in the territories might be higher than in the 50 States, prohibited the size of the coupon allotments from exceeding the ones promulgated for the 50 States.

At the same time, however, by prescribing the exact same formula for establishing benefit levels in Puerto Rico as in the United States, we mandated the Agriculture Department to comparatively price the identical set of foods so that this pricing comparison could serve as a just basis for comparative coupon allotments. But, even though the cost of food is higher in Puerto Rico since most food items consumed there are shipped from the United States, the Agriculture Secretary has prescribed unlawfully lower benefit levels for impoverished Puerto Ricans. According to the recent announcement he has decided to allow only \$122 for a family of four on the island, compared to \$142 that a mainland family gets. This is patently contrary to our 1971 amendments.

The law also requires that eligibility standards "reflect the average per capita income" of the territory involved. Again, Congress realized that at some point in the eligibility calculations this might make eligibility standards higher in the territories than in the 50 States and, therefore, prohibited the Secretary from setting eligibility standards that would exceed those being used in the United States. The formula provides an administratively easy basis for determining household eligibility in Puerto Rico. In order to "reflect" per capita income only two factors need to be known: the average per capita income of Puerto Rico and the household size which are then multiplied together for each household. This statutory formula in no way permits the Agriculture Secretary to devise eligibility standards for island residents that treat them as second class citizens, and it is tragic that the Secretary's regulations have prescribed discriminatory eligibility guidelines that will deny needy persons their important food sustenance benefits. These new regulations are contrary to our legislation and they should be amended.

I urge the Department of Agriculture to rescind these regulations which will deny thousands of undernourished Puerto Ricans their rights to Federal food assistance. People in Puerto Rico have the right to survive just as people on the continent do. New regulations which comply with the letter and spirit of the Food Stamp Act should be issued immediately.

#### CHAIRMAN BURNS STRESSES THE NEED FOR BUDGET REFORM

Mr. PERCY. Mr. President, I have just read the statement of Dr. Arthur F. Burns, Chairman of the Board of the Federal Reserve System, before the Committee on Appropriations of the House on February 21, 1974. In his statement,

Chairman Burns develops what is to me a penetrating analysis of our current economic problems, and some appropriate policies to deal with them. As usual, his comments are both highly relevant and enlightening.

However, what I wish now to give particular stress is Dr. Burns' comments about the need for passage of congressional budget reform. As Senators may know, a budget reform bill, S. 1541, has been reported both from the Government Operations Committee and from the Rules Committee. The companion bill has already passed the House. Chairman Burns identifies budget reform as one of the most important steps necessary to restore general price stability. Calling attention to the fact that since 1950, the Federal budget has been in deficit 4 out of every 5 years, Chairman Burns notes that perhaps half of the deficits in recent decades have come about not by design, "but because of a basic defect in the procedures by which Congress acts on the budget."

Chairman Burns notes that Congress has been denied the ability to vote on what total expenditures should be and how they should be financed, and what priorities should be assigned among competing programs. Instead he points out what we know to be the case:

The decisions that determine the ultimate shape of the budget are made in Congress each year by acting on some 150 to 200 separate measures.

It is the purpose of budgets to assign relatively limited revenues among many desirable objectives. However, as Chairman Burns points out, Congress "cannot effectively determine priorities under its present budget procedures." Budget reform in his words would be "a victory for representative democracy—not for conservatives or liberals—because it would give Congress the management tools it needs for effective exercise of its power over the purse."

Mr. President, I ask unanimous consent that Chairman Burns' statement be printed in the RECORD.

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

STATEMENT BY ARTHUR F. BURNS

FEBRUARY 21, 1974.

I appreciate this opportunity to assist the Committee in its over-all examination of the budget for fiscal 1975. My comments will be brief. They are directed, first, to the general outlook for the economy in the near-term future, second, to the implications of prospective developments for stabilization policy in the year ahead, third, to needed reforms in our fiscal policies and procedures.

#### OUTLOOK FOR THE ECONOMY

The nation faces at the present time a severe shortage of petroleum products that is slowing business activity and aggravating our inflationary problem. Some firms have been unable to obtain the raw materials or other supplies needed to maintain production schedules; others have experienced a weakening in the demand for their products. The oil shortage has had particularly adverse effects on the purchase of new autos, of homes in outlying suburban areas, of recreational vehicles and other travel-related goods and services.

A downward adjustment of production and employment is therefore underway. In-

dustrial output declined in December and again in January, and unemployment last month rose rather sharply, to 5.2 per cent of the labor force. I would expect some further weakening of economic activity, with industrial production probably declining and unemployment rising in the months immediately ahead.

The current economic slowdown, however, does not appear to have the characteristics of a typical business recession. Declines in employment and production have been concentrated in specific industries and regions of the country, rather than spread broadly over the economy. In some major sectors, the demand for goods and services is still rising. Capital spending plans of business firms remain strong, and so do inventory demands for the many materials and components in short supply. In fact, new orders for business capital equipment continued to increase in the fourth quarter of last year, and the backlog of unfilled orders rose further, to a level 17 per cent above a year earlier.

Expenditures by businesses for fixed capital will probably continue to strengthen in view of the urgent need for added capacity in a number of our basic industries. Residential construction may pick up later in the year, in response to the improvement that has been occurring in mortgage credit supplies. With government expenditures at all levels also moving higher, as seems virtually certain, it seems unlikely at present that the current economic slowdown will become pervasive or be of extended duration.

The oil shortage is causing hardships for some of our people and inconveniences for many. In some other countries, the adjustments to the energy problem will be more severe than for us.

However, our nation's business firms and consumers already have found ways to economize on their uses of oil and other forms of energy. For example, there have been significant declines during recent months in the use of fuel oil and electricity across the nation. As 1974 moves on, I would expect these adjustments to continue. Domestic output of crude oil will increase gradually; electric utilities will shift to greater use of coal; auto manufacturers will expand their capacity to produce the smaller cars demanded by consumers; and myriad other adjustments will be made to the energy problem. We are living in a difficult time, but our principal asset—the resourcefulness of the American people—remains intact. In numerous ways we are, even now, laying the basis for recovery in business activity.

The durability of that recovery will depend heavily on our ability to gain control of the inflation that has been ravaging our economy for the past 8 or 9 years. Last year, fresh inflationary forces—reinforcing those already plaguing us—culminated in the sharpest upsurge of the price level since the Korean War. Even before the disruptive manipulation of oil shipments and prices by some oil-exporting countries got under way, the erosion of workers' real earnings and the soaring of interest rates—both of which were a consequence of the inflation—had begun to restrict consumer demand, particularly the purchase of new homes.

A major source of the inflationary problem last year was the coincidence of booming economic activity in the United States and other countries in the latter part of 1972 and much of 1973. Production of strategic commodities approached capacity limits throughout the industrial world, and inflation accelerated everywhere. In our country, the effects of worldwide inflation were magnified by the depreciation of the dollar relative to other currencies in foreign exchange markets. To make matters worse, disappointing harvests in 1972—both here and abroad—caused a sharp run-up in the prices of food products

last year, and the spectacular advance in the prices of crude oil and petroleum products since last fall has greatly worsened the inflationary problem.

In addressing this Committee, I cannot stress strongly enough the urgency of making some headway this year in reducing the rate of increase in prices. Failure to do so will further injure tens of millions of our families, and it may destroy confidence in the capacity of government to deal with an inflationary problem that has been retarding economic progress and sapping the energies of our people.

Improvement in the price performance of our economy during 1974 is, I believe, within our means. The rise in consumer prices should moderate later this year as petroleum prices level off in response to the drastic adjustments now under way in oil markets around the world, and as our own food supplies expand in response to incentives for farmers to increase production. There are other favorable price developments on the horizon. A slower pace of economic activity, both here and abroad, may well cause a decline in the prices of industrial raw materials and internationally traded commodities. Also, the appreciation of the dollar over recent months in foreign exchange markets should make imported goods less expensive and moderate the demand for our exports, thereby increasing the supply of goods available in domestic markets.

Realistically, however, we can hardly expect a return to general price stability in the near future. Substantial increases in the prices of numerous commodities and services are practically unavoidable this year. Relative prices of many items are now badly out of balance. Prices of materials, for example, have recently risen very swiftly, and many of these cost increases are still to be passed through to the prices of end products.

A more fundamental factor affecting the course of inflation in 1974, however, may well be the course of wages and unit labor costs. Increases in wage rates have been edging up since last spring. The collective bargaining calendar for this year is heavy and includes several pattern-setting industries. It would not be surprising if workers sought appreciably larger wage increases to protect their living standards against the persistent rise in prices they have to pay for groceries and practically everything else they buy. But if economic activity proceeds sluggishly this year, as now seems likely, productivity gains will probably be even smaller than they were last year. A rise of wages that is faster than we have recently experienced would therefore put great upward pressure on costs of production and ultimately on prices.

#### **STABILIZATION POLICIES IN THE YEAR AHEAD**

Since strong inflationary forces are likely to continue in 1974, even in the face of declines in production and employment, public policy is now clearly confronted with a most difficult problem.

Inflation cannot be halted this year. But we can move resolutely to establish this year a dependable framework for a gradual return to reasonable price stability. Direct controls over prices and wages will not be of much further benefit in this effort. New machinery for reviewing wages and prices in pace-setting industries can, however, prove helpful; and so too may a concerted effort to enlarge our capacity to produce industrial materials. But, in the end, inflation will not be brought under control unless we have effective management of aggregate demand through general monetary and fiscal policies.

In the current economic slowdown, the task of monetary policy will not be the same as in a classical business recession, when a considerable easing in the supply of money and credit can be expected to provide the financial basis for the subsequent recovery.

This year, our nation's capacity to produce may actually decline, or at best rise at an abnormally low rate. A great deal of caution will therefore be needed in framing monetary policy. An easier monetary policy can be only a marginally constructive influence when economic activity slows because of a shortage of oil.

Fiscal policy can be used to better advantage than monetary policy in promoting prompt recovery in this kind of economic environment. Selective measures such as an expanded public employment program, increased unemployment benefits, or some liberalization of welfare payments in hard-hit areas may be needed to cushion the adjustment to fuel shortages. Also, a selective tax policy of accelerated amortization could stimulate investment in the energy and other basic materials industries, thereby relieving the more critical shortages of capacity that have recently proved so troublesome.

Current economic conditions may therefore justify special fiscal measures of the kind I have mentioned. But I would strongly advise against adoption of a generally stimulative fiscal policy, such as a broad tax cut or substantially enlarged expenditures. It is not clear that a strong dose of fiscal stimulus is needed now, and we surely need to proceed cautiously at a time when the price level is still soaring. Let me remind you that last month alone the wholesale price level rose over 3 per cent.

An overly expansive fiscal policy now would delay, perhaps delay for many years, the progress which the Congress has been seeking in the use of the Federal budget as a tool of economic stabilization. A moderate increase of expenditures in fiscal year 1975 seems unavoidable in view of the sharply higher social security benefits enacted last year, the higher governmental salaries and procurement prices, and the recently rising claims for unemployment compensation. All this is forcing up Federal outlays at the same time that decline in business activity is slowing the growth of tax receipts. Taken by itself, a moderate deficit in fiscal 1975 should not be particularly disturbing. But we have had deficits far too often over the years, and this pattern has raised serious doubts about our government's ability to exercise rational control over its tax and expenditure policies.

#### **FISCAL POLICY IN THE YEARS AHEAD**

Since 1950, we have had deficits in four years out of five, and the size and frequency of those deficits has tended to increase over the years. Whether this record came about by choice or, as I prefer to believe, largely by accident, it has contributed significantly to the dangerous inflation we are now experiencing.

The economic consequences of inflation are perhaps more apparent to American families now than at any time in recent history. In the past year, the average worker's purchasing power diminished in spite of rather large nominal increases in his paycheck. Interest rates rose sharply, reflecting anticipation of further declines in the value of future dollar obligations. As their real earnings fell and interest rates rose, consumers hesitated to take on large new commitments, and the sale of houses, mobile homes, and other durable consumer goods suffered accordingly. While the profits reported by corporations rose substantially in 1973, they were in part illusory because business accountants are still reckoning depreciation on the basis of historical costs rather than the ever-rising replacement costs. Reflecting a more sombre view of earnings prospects, the prices of corporate stocks fell sharply. And, even ignoring common stocks, the real value of the financial assets held by individuals actually declined during 1973; in other words, the nominal increase of this

basic financial aggregate was more than nullified by the rise in the consumer price level.

Numerous measures will be needed to restore general price stability. Among these, none is more important in my judgment than reform of the Federal budget. To those who believe that the Congress over the years has deliberately and consistently chosen to stimulate the economy by deficit spending, prospects for improving matters must appear to be bleak. But I draw encouragement from a conclusion that I conceive to be closer to the truth: namely, that many, perhaps half, of the deficits in recent decades have come about not by design, but because of a basic defect in the procedures by which Congress acts on the budget.

Fiscal policy has not been overly stimulative by choice, but rather because Members of Congress have been unable to vote on the kind of fiscal policy they desire. The decisions that determine the ultimate shape of the budget are made in Congress each year by acting on some 150 to 200 separate measures. This process denies Members a vote on much more important issues—what total expenditures should be, how they should be financed, and what priorities should be assigned among competing programs.

In this process, the earnest efforts of this Committee to control expenditures have been frustrated. Year in and year out, the appropriations enacted have totalled less than the executive branch requested. At the same time, however, the legislation reported by other committees has inexorably pushed outlays to higher levels, and over the years these increases have more than offset the reductions effected in appropriation bills.

The House has now passed a budget reform bill, thanks to the vigorous efforts of Members of this Committee, along with other Members of the House of both political parties, liberals and conservatives alike. The historic step reflects a growing awareness that budget reform is essential not only for a return to stable prices, but for restoration of confidence in government itself. The day is past—if indeed it ever existed—when only the well-to-do need concern themselves with economy in government. Those who would use government as an instrument of reform have perhaps a larger stake in eliminating wasteful or relatively unproductive programs.

We have passed the point when new programs can be safely added to old ones and paid for by heavier borrowing. In principle, taxes can always be raised to pay for more public services, but the resistance to heavier taxation has become compelling. If we count outlays at all levels of government, State and local as well as Federal, an increasingly large fraction of the wealth our citizens produce is being devoted to the support of government. In 1929, total government spending came to about 10 per cent of the dollar value of our national output. Since then the figure has risen to 20 per cent in 1940, 30 per cent in 1965, and 35 per cent in 1973. My impression is that most citizens feel that one-third of our national output is quite enough for the tax collector.

Since its revenues are limited, government must choose among many desirable objectives and concentrate its resources on those that matter most. That is the very purpose of budgets. Congress, however, cannot effectively determine priorities under its present budget procedures.

Once those procedures are modified to enable Congress to regain control over total outlays and to determine priorities among competing programs, there should be no occasion for broadscale impounding of funds by the President. Occasionally, impoundments will continue to be called for, as a matter of good management, but they should not be a source of friction between the Ad-

ministration and the Congress, since they will no longer be used to control total outlays.

In view of the broad consensus among Members of the House, there are good reasons to hope that the Senate will act soon on budget reform legislation. If my analysis is correct, the impoundment issue should diminish in importance once the new budget procedures are in place. Enactment of this legislation would be a victory for representative democracy—not for conservatives or liberals—because it would give Congress the management tools it needs for effective exercise of its power over the purse.

Meanwhile, it is encouraging to note the progress being made towards better budgeting in ways that do not require legislation. Congress needs better information about the likely costs of existing and proposed programs, not only in the current year, but up to 3 to 5 years ahead. The President's budget message last year broke new ground by presenting estimates in functional detail of the outlays for fiscal year 1975 as well as for fiscal 1973 and 1974, and this procedure is carried forward in this year's budget message. Another encouraging development is the beginning of a consultative process between Congressional leaders and the Office of Management and Budget in connection with the formulation of the budget. It would be wise to expand and deepen such consultations in the future. Involving the Congress in budget preparation should help to eliminate the delays that have required increasing use of continuing resolutions and frustrated efforts to make the budget a really useful management tool.

Finally, I believe that better budget procedures must eventually include zero-base budgeting. If we are to get the most out of Federal outlays, we cannot assume that last year's programs are more beneficial than this year's proposals. All competitors should have equal opportunity in the contest for Federal budget support; there should be no grandfather rights. Both the Executive and the Congress should, therefore, require justification of the entire appropriation for existing programs, not just for increases over last year's level. I realize this will be difficult to achieve, and it will probably have to take effect gradually and by stages, but it is so clearly necessary that we will eventually come to it.

I have offered these comments as a concerned citizen. I am deeply troubled about inflation, as I know you are, and for that reason alone you will want to make sure that the Administration's budget requests for fiscal 1975 are fully justified. But I am also greatly disturbed by what I sense to be a dangerous loss of confidence in our government's capacity to make good on its promises. The key to rebuilding this confidence is improved performance by government, and budgetary reform can move us powerfully toward this goal. Congress must find a way to determine an overall limit on Federal outlays that will be rationally related to expected revenues and economic conditions, and establish spending priorities within that limit. I see that as essential not only to restoring general price stability, but to regaining the confidence of our citizenry in the integrity of their government.

#### RURAL ELECTRICS ENDORSE IDA

**Mr. McGOVERN.** Mr. President, the Congress and the country are both disenchanted with foreign aid. That is understandable. The aid program has been costly; it produces few measurable results; often it goes, in the name of America, to underwrite some of the world's most corrupt and despotic governments as witness Vietnam.

But if we are going to scrap what does not work, we ought to at least have the sense to separate out what works well. We should be especially attentive to programs which address basic human needs in such areas as food and housing. That is not only a humanitarian imperative for the world's richest country; it is an essential pillar in the quest for peace.

The International Development Association of the World Bank is such a program. And for that reason I think the recent House vote to turn down the U.S. contribution was a tragic mistake. I hope the Senate will restore the modest sum requested, and that the House will reconsider.

At its annual convention in San Francisco on February 13, the National Rural Electric Cooperative Association adopted a resolution which makes these same points. We should all be grateful for NRECA's leadership on this subject, as well as for its solid record of achievement in international development programs. I ask unanimous consent that the resolution I have described be printed in the RECORD.

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

[Resolution approved by National Rural Electric Cooperative Association—Annual Convention, San Francisco, Feb. 13, 1974]

#### RESOLUTION NO. E-2—WORLD BANK PROGRAMS

The House of Representatives recently defeated legislation that would provide for development loans to the poorest nations of the world through the World Bank's International Development Association.

The contribution to this fund represented a reduction in the share borne by the United States.

The International Development Association has provided loans and technical assistance to numerous developing nations used primarily to improve food production capabilities and to assist them in providing basic housing for the rural poor.

The nation's rural electrics continue their support of the sound programs of the World Bank and urge the Congress to favorably reconsider its support of this important International Development Association legislation.

#### FOOD SHORTAGE

**Mr. HUMPHREY.** Mr. President, I would like to call attention to two articles in the February 28 issue of the New York Times. In the first, Dr. George Harrar, president emeritus of the Rockefeller Foundation, told the annual convention of the American Association for the Advancement of Science, meeting in San Francisco:

Present levels of technology and natural resources will be unable to feed the expected world population of the future.

Dr. Harrar highlighted the dependence of the developing countries on imported food grains, and the potential for famine in case of major crop failures. He also indicated that a minimum annual increase of 4 percent in worldwide food production was needed to feed the present population and keep abreast of the yearly increase of 75 million people. However, he emphasized that the goal of a 4-percent annual increase remained a dream of the future.

Mr. President, these facts clearly point to a worldwide emergency situation close at hand.

We need to turn our best minds to the task of addressing these problems. The involvement of our universities in this effort is of key importance.

The second article deals with the present heated controversy as to whether there will be adequate wheat for American consumers this spring.

This controversy overlooks a number of critical factors, such as transportation bottlenecks, and the present inflation psychology. There are areas of the country which have wheat for sale but have not been able to move it to market. Moreover, with prices continually on the rise, there is an understandable tendency to buy extra wheat against the threat of further price increases or possible scarcity—and such "hoarding" can contribute to shortages.

Mr. President, I have spoken out repeatedly on this subject. This is one more area where the administration has provided abysmal leadership in not taking steps to let our people know the true situation and where we are headed.

Mr. President, I ask unanimous consent that these two articles be printed in the RECORD.

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

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

#### SCIENTIST FEARS WIDE FOOD SHORTAGE

(By Lacey Fosburgh)

**SAN FRANCISCO**, February 27.—Dr. J. George Harrar, president emeritus of the Rockefeller Foundation, told a national conference of scientists here today that present levels of technology and natural resources will be unable to feed the expected world population of the future.

He also told the annual convention of the American Association for the Advancement of Science meeting that the energy crisis would only further reduce food production, because virtually all parts of the agriculture industry depend to a large extent on electricity or oil.

"The facts are," he said, "that the world, in its present state of technology and with its present resources, cannot hope to support in dignity a population of 10 to 15 billion by the end of the next 50 years."

"The world's food picture from today's vantage point is not encouraging," he added. "The evolution of food production patterns during the last 30 years is alarming."

"Because of the lack of long-range and forward planning and the inability of nations to act in concert for the common good," he said, "the instability of governments and the totally inadequate emphasis on food production has brought us to our present crisis, which is now being exacerbated by energy constraints."

Dr. Harrar focused much of his address to several hundred scientists at the Hilton Hotel here on the increasing perils of malnutrition in the underdeveloped countries of Asia, Africa and Latin America.

He emphasized, however, that the worldwide imbalance in food production may result in a food crisis everywhere.

Noting that only North America and Australia export food grains and "all other areas of the world" import them, he said: "This is a situation of dangerous dependence, and it could result in massive famine if there were one or two major crop failures" in the United States.

Dr. Harrar, a biologist who was president of the Rockefeller Foundation from 1961 to

1971, has concentrated on the food problems of the underdeveloped countries during much of his career.

Dr. Harrar said that a minimum of 4 per cent annual increase in worldwide food production was necessary to feed the current population and to keep abreast of the yearly increase of 75 million people.

He said, however, that such a 4 per cent increase remained a dream of the future.

"The current crisis situation re-emphasizes," he said, "the absolute necessity of developing a world food plan in which all nations with an agricultural industry should participate for the universal good."

If several areas of the world improve their own agricultural management and production, he said, the over-all food supply could "double within a reasonable period of years."

He specifically named Brazil, Argentina, India, Pakistan and several areas of east and west Africa—all now in a state of "under-production"—that could "increase their annual supplies of food grains and food legumes by a very large factor."

[From the New York Times, Feb. 28, 1974]  
BAKERY COMBINE HAS AMPLE FLOUR: ITS CHIEF HAD SAID NATION IS RUNNING OUT OF WHEAT

(By Seth S. King)

CHICAGO, February 27.—The large bakery holding company headed by Bill O. Mead, who recently contended that the nation was running out of wheat, has disclosed that the company's bakers have enough wheat and flour on hand to last them until the 1974 harvest begins in mid-May.

Mr. Mead, who is chairman of The American Bakers Association, also said that the price of a one-and-one-half-pound loaf of bread would rise to \$1 a loaf.

Market analysts at the Kansas City Board of Trade believe that several other large baking and milling companies have also bought enough wheat, or contracted for enough, to insure an adequate supply until summer.

The statement by Campbell Taggart, Inc., which Mr. Mead heads, added to the confusion over the possibility that the United States, the world's largest producer and supplier of wheat, would run out this spring.

Members of the Bakers Association staged a rally yesterday in Washington to demonstrate for their demands that President Nixon order a curb on wheat exports until the 1974 harvest was in.

American wheat farmers sell two-thirds of their crops to foreign buyers. Foreign demand for American wheat was at a record high this winter, and prices soared above \$6 a bushel this week. This price was the highest in history, more than double last year's.

If exports were halted, the price paid to farmers and grain dealers would fall immediately. Thus, wheat producers and sellers are unanimously opposed to any Government interference with the market.

If wheat prices drop, the bakers' costs for flour would also drop. However, this would have little effect on supermarket prices for bread, because there is only 7 cents worth of wheat in a 45-cent loaf of bread.

While the bakers were pressing their demands yesterday, Ray Davis, president of the National Association of Wheat Growers, sent a telegram to Agriculture Secretary Earl L. Butz charging that the bakers' assertions were "grossly misleading," and that there would be no shortage of wheat.

Although it expects combined domestic and foreign consumption of the 1973 crop to pull wheat reserves down to their lowest point in 27 years, the Agriculture Department insists that there will be enough to meet all needs and still have 178 million bushels left over, roughly a six-weeks domestic supply.

But the department's confidence was based in part on the assumption that the weather in the Southwest would be good this spring.

and that the harvest of the record winter wheat crop would be normal.

Mr. Mead's warning last month produced so much alarm that he sent a letter to Campbell Taggart stockholders. In it, he said that he had been speaking as chairman of the Bakers Association and not as board chairman of Campbell Taggart, the holding company for 75 large bakery concerns that produce brand-labeled bread in the South, Southwest and Far West.

Campbell Taggart, Mr. Mead wrote, had anticipated the wheat shortage and "had already purchased flour and wheat for the critical month ahead."

"Your management action in making advance purchases of flour assures a continued supply of bread to Campbell Taggart customers at reasonable prices," he added.

In a separate statement, Campbell Taggart said that in 1973 its earnings set a record, rising 3.4 per cent over 1972. The company predicted an even better year in 1974.

But Robert Wager, salaries president of the Bakers Association, said yesterday that many of the smaller baking companies could not risk ordering flour more than 60 to 90 days in advance if prices kept rising.

At the Kansas City Board of Trade, where many of the contracts for future delivery of wheat are traded, a spokesman said that the bakers could still buy all the wheat they wanted for delivery in March or May. But yesterday, they would have had to pay \$5.09 a bushel for this wheat in Kansas City or \$5.20 at the Board of Trade in Chicago.

#### RESOLUTION ADOPTED BY COLORADO LEGISLATURE

Mr. HASKELL. Mr. President, the 1974 session of the 49th General Assembly of the State of Colorado assembled in Denver has adopted a resolution honoring the Colorado School of Mines centennial. I fully concur with the wishes of the Colorado Legislature as set forth in the resolution and offer it for the consideration of my colleagues and ask unanimous consent that it be printed in the RECORD.

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

#### HOUSE JOINT RESOLUTION NO. 1014

Whereas, On August 23, 1869, Episcopal Bishop George M. Randall laid the cornerstone for the first college building in the Territory of Colorado, thus establishing Jarvis Hall, the beginning of a private church college near Golden; and

Whereas, Early mining operations in the Territory emphasized the need for a college to train mining engineers; and

Whereas, On February 9, 1874, Territorial Governor Samuel H. Elbert signed an appropriations bill for \$5,000 to finance a School of Mines and the institution at Golden was transferred to Territorial, and later to State, control; and

Whereas, Since that date, one hundred years ago, the Colorado School of Mines has graduated mineral-resource engineers whose efforts have contributed to the state and national wealth and progress; and

Whereas, On the occasion of the Colorado School of Mines centennial and in recognition of the school's contributions to this state; now, therefore,

*Be It Resolved by the House of Representatives of the Forty-ninth General Assembly of the State of Colorado, the Senate concurring herein:*

That this General Assembly formally express and record its appreciation to the Colorado School of Mines and to its long line of graduates who have established a tradition of responsible service and excellence in their exploration for, discovery, production, and preservation of the State and the Nation's mineral wealth.

*Be It Further Resolved, That copies of this resolution be transmitted to the Board of Trustees of the Colorado School of Mines, the Secretary of the United States Department of the Interior, and to the Colorado Congressional delegation.*

JOHN D. FUHR,  
Speaker of the House of Representatives.

LORRAINE F. LOMBARDI,  
Chief Clerk of the  
House of Representatives.

TED L. STRICKLAND,  
Acting President of the Senate.

COMFORT W. SHAW,  
Secretary of the Senate.

#### USDA FOOD STAMP REGULATIONS FOR PUERTO RICO ARE ILLEGAL

Mr. HUMPHREY. Mr. President, it is my understanding of our system of laws that the administrative department charged with the responsibility of carrying out a Federal program must do so within the requirements of the Federal law creating that program. How then can the Department of Agriculture issue regulations for the food stamp program which are clearly contrary to the statutory requirements of the act? Not only has the Department of Agriculture violated its statutory duties, but it has done so in a manner which blatantly discriminates against the people of Puerto Rico.

In 1971, the Food Stamp Act was amended to allow participation by Puerto Rico and the territories for the first time. Additional legislation was later passed requiring every State, territory, and the Commonwealth of Puerto Rico to implement the food stamp program in every area by June 30, 1974, except in the extraordinary situation where a State, territory, or the Commonwealth clearly proved that it was administratively impossible or impracticable to implement the program in one or more of its subdivisions by that date. However, in blatant disregard of the law, the USDA has established an implementation schedule that will not allow San Juan to have food stamps until March 1975.

Also, as a part of the 1971 legislation, Congress prescribed the formula by which the USDA Secretary was to set "eligibility" and "coupon allotment" schedules. Eligibility schedules are required by law to "reflect the average per capita income" so long as the schedules set for the respective territories do not exceed those set for the 50 States. The per capita income, according to the Department of Commerce, on the island of Puerto Rico was \$1,713 as of 1972. Thus, a household of one should be eligible for participation in the program with income up to, and including \$1,713. According to the law we passed in 1971, the eligibility of a larger household would be determined by multiplying the per capita income figure by the number in the household, except that the eligibility standard would never be higher than the U.S. figures. This method of determining eligibility was established to truly reflect average per capita income of the Commonwealth and territories while staying within the eligibility guidelines prescribed for the 50 States.

As to the size of "coupon allotments," the law requires that they "reflect the

cost of obtaining a nutritionally adequate diet" in the respective territories and in Puerto Rico. Congress did recognize that the cost of food was frequently higher in the territories than on the mainland. While the law requires that allotments not "exceed those in the 50 States," it would also not be permissible to establish lower coupon allotments in Puerto Rico or in the territories if the food prices in those areas were higher than the average food costs throughout our Nation.

Instead of following our statutory policies, the Agriculture Department has established coupon allotment standards for Puerto Rico that are much too low, by providing \$20 less each month to Puerto Rican families of four than it provided to mainland families of four. And it has established income-eligibility guidelines that will exclude thousands of needy families.

I strongly urge the Secretary of Agriculture to rescind these income-eligibility and coupon allotment schedules and promptly issue tables that will meet the statutory requirements of the act and enable thousands of impoverished Puerto Ricans to obtain the assistance to which they are lawfully entitled.

I also wish to voice my objection to the Department's issuance of these regulations on a final basis, without benefit of anyone being able to comment beforehand. Following such a procedure makes the entire Federal rulemaking procedure a mockery.

Mr. President, I ask unanimous con-

sent to have the Department's newly issued regulations regarding the Puerto Rican food stamp program printed in the RECORD.

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

Department of Agriculture Food and Nutrition Service

[FSP No. 1974-4.1; amdt. 24]

**FOOD STAMP PROGRAM: MAXIMUM MONTHLY ALLOWABLE INCOME—STANDARDS AND BASIS OF COUPON ISSUANCE**

Section 5(b) of the Food Stamp Act requires the establishment of special standards of eligibility and coupon allotment schedules which reflect the average per capita income and cost of obtaining a nutritionally adequate diet in Puerto Rico. Additionally, section 5(b) specifies that these special standards of eligibility or coupon allotments shall not exceed those in effect in the fifty States. The coupon allotments set forth are based on changes in prices of food in Puerto Rico through August 31, 1973. Therefore, Notice FSP No. 1974-4.1 is issued pursuant to a part of Subchapter C—Food Stamp Program, under Title 7, Chapter II Code of Federal Regulations.

Coupon allotments for households of four persons and all subsequent even numbers of persons are not divisible by four. This results in total coupon allotments of less than whole dollar amounts for those households which choose to purchase one-fourth or three-fourths of their total coupon allotment. For such households, the State agency shall round the face value of one-fourth or three-fourths of the total coupon allotment up to the next higher whole dollar amount and shall not change the purchase requirements for such allotments.

In view of the need for placing this notice

into effect immediately, it is hereby determined that it is impracticable and contrary to the public interest to give notice of proposed rule making with respect to this notice. Notice FSP No. 1974-4.1 reads as follows:

**MAXIMUM MONTHLY ALLOWABLE INCOME STANDARDS AND BASIS OF COUPON ISSUANCE: PUERTO RICO**

As provided in § 271.3(b), households in which all members are included in the federally aided public assistance or general assistance grant shall be determined to be eligible to participate in the program while receiving such grants without regard to the income and resources of the household members.

The maximum allowable income standards for determining eligibility of all other applicant households, including those in which some members are recipients of federally aided public assistance or general assistance in Puerto Rico, shall be as follows:

**Household size:**

One	\$183
Two	240
Three	320
Four	407
Five	480
Six	553
Seven	627
Eight	700
Each additional member	+60

"Income" as the term is used in the notice is as defined in paragraph (c) of § 271.3 of the Food Stamp Program regulations.

Pursuant to section 7(a) and (b) of the Food Stamp Act, assembled (7 U.S.C. 2016, Pub. L. 91-671), the face value of the monthly coupon allotment which state agencies are authorized to issue to any household certified as eligible to participate in the program and the amount charged for the monthly coupon allotment in Puerto Rico are as follows:

Monthly net income	For a household of—								Monthly net income	For a household of—							
	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons		1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
	The monthly coupon allotment is—									The monthly coupon allotment is—							
\$36	\$68	\$96	\$122	\$144	\$166	\$188	\$210		\$36	\$68	\$96	\$122	\$144	\$166	\$188	\$210	
And the monthly purchase requirement is—								And the monthly purchase requirement is—									
\$0 to \$19.99	0	0	0	0	0	0	0	\$230 to \$249.99	58	61	65	66	67	68	69		
\$20 to \$29.99	1	1	0	0	0	0	0	\$250 to \$269.99	70	71	72	73	74	75			
\$30 to \$39.99	4	4	4	4	5	5	5	\$270 to \$289.99	76	77	78	79	80	81			
\$40 to \$49.99	6	7	7	7	8	8	8	\$290 to \$309.99	82	83	84	85	86	87			
\$50 to \$59.99	8	10	10	10	11	11	12	\$310 to \$329.99	88	89	90	91	92	93			
\$60 to \$69.99	10	12	13	13	14	14	15	\$330 to \$349.99	95	96	97	98	99				
\$70 to \$79.99	12	15	16	16	17	17	18	\$350 to \$389.99	104	105	106	107	108				
\$80 to \$89.99	14	18	19	19	20	21	21	\$390 to \$419.99	113	114	115	116	117				
\$90 to \$99.99	16	21	21	22	23	24	25	\$420 to \$449.99	123	124	125	126					
\$100 to \$109.99	18	23	24	25	26	27	28	\$450 to \$479.99	132	133	134	135					
\$110 to \$119.99	21	26	27	28	29	31	32	\$480 to \$509.99	140	142	143	144					
\$120 to \$129.99	24	29	30	31	33	34	35	\$510 to \$539.99	151	152	153						
\$130 to \$139.99	27	32	33	34	36	37	38	\$540 to \$569.99	160	161	162						
\$140 to \$149.99	30	35	36	37	39	40	41	\$570 to \$599.99	170	171							
\$150 to \$169.99	31	38	40	41	42	43	44	\$600 to \$629.99	179	180							
\$170 to \$189.99	32	44	46	47	48	49	50	\$630 to \$659.99									
\$190 to \$209.99	50	52	53	54	55	56	57	\$660 to \$689.99									
\$210 to \$229.99	56	58	59	60	61	62	63	\$690 to \$719.99									

**FOR ISSUANCE TO HOUSEHOLDS OF MORE THAN EIGHT PERSONS USE THE FOLLOWING FORMULA:**

**A. Value of the total allotment.** For each person in excess of eight, add \$18 to the monthly coupon allotment for an eight-person household.

**B. Purchase requirement.** 1. Use the purchase requirement shown for the eight-person household for households with incomes of \$689.99 or less per month.

2. For households with monthly incomes of \$690 or more, use the following formula:

For each \$30 worth of monthly income (or portion thereof) over \$689.99, add \$9 to the monthly purchase requirement shown for an eight-person household with an income of \$689.99.

3. To obtain maximum monthly purchase requirements for households of more than eight persons, add \$16 for each person over eight to the maximum purchase requirement shown for an eight-person household.

**Effective date.** The provisions of this notice shall become effective February 28, 1974.

(Catalog of Federal Domestic Assistance

Programs No. 10.551, National Archives Reference Services)

CLAYTON YEUTTER,  
Assistant Secretary.

FEBRUARY 21, 1974.

[FR Doc. 74-4596 Filed 2-27-74; 8:45 am]

**A LESSON IN FUTURES TRADING**

Mr. McGOVERN. Mr. President, late last year I introduced legislation to re-

form Federal regulation of our futures trading markets.

At that time, I pointed out that experience of a number of farmers and others in my State in the futures market had helped in the development of my legislation, which is before the Committee on Agriculture and Forestry as S. 2578.

One of those is Reno Stoebner, a highly respected farmer from near Parkston, S. Dak. Mr. Stoebner's story has been told in detail in the February issue of *Farm Journal*, and I ask unanimous consent that his experiences be shared with Senators by printing them in the RECORD along with a commentary by the magazine on his experiences.

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

**"IT COST ME \$70,000 TO LEARN ABOUT FUTURES"—A LOOK AT THE OTHER SIDE OF COMMODITY TRADING—BY A FARMER WHO CAME AS CLOSE AS YOU CAN TO GOING BUSTED AND STILL SURVIVED**

(By Dick Seim)

(When we find a man like Reno Stoebner with guts enough to parade his mistakes in print, we feel the least we can do is let him tell it in his own words without interruption. But because he wants this experience to help you avoid such losses, we asked two people who are full-time professionals in commodity trading to listen to his story and tell us exactly where he got off the track.—The Editors.)

My jangling phone pulled me away from the typewriter one afternoon late last July. The voice that answered my "Hello" quickly convinced me I was talking to a troubled man.

"I'm somewhere between bent and bankrupt," he declared—and drew me into one of the most intriguing stories I've heard in almost 15 years with *Farm Journal*. My caller was Reno Stoebner, 39, Hutchinson County, S.D.

"I've lost between \$60,000 and \$70,000 in hog and cattle futures," he continued. "I've had to go to the bank . . . I've had to go to my dad . . . I've been thinking about it. I'm convinced it might help other farmers if they could read how easily you can go wrong."

It was more than two months before we could face each other over his kitchen table. His summer harvest; my travel, meetings, etc. But in early November, as I drove through the richness of northern Iowa and out onto the tabletop prairies of South Dakota, I couldn't avoid the contrast: This man's deep troubles and the evidence of the great rewards that 1973 brought to most farmers.

We will tell most of Reno's story in his own words, step by step. I guarantee you'll be right there at the end. Then we'll share the reflections of Reno's banker, add Reno's thoughts and pass along his advice. OK, let's listen to Reno.

It goes back to August, 1970, really. We sold the last of our home-raised steers and heifers for a labor and management return of \$3.37 per head. Net return on 1970 fall pigs came to \$2.01 per head; for 1971 spring pigs, \$1.54. We keep records on all costs—we know what every lot does. Obviously, prices received are the key to profits. How can I command the top prices?

I started paying special attention to the futures trade. Why not "lock in?" TV, radio, newspapers, brokerage house ads, magazines advised hedging. I became convinced that futures could help me get the prices I needed. Lock in.

The Veterans Ag Class and a public meeting held in our town by a broker in the

winter of 1971-72 provided information on the mechanics of futures trading.

April, 1972. We had 160 pigs on feed, more than enough to fill a contract. I talked it over with my wife. She agreed. I would find a broker and "lock in."

On May 15, 1972, we sold one contract for August hogs at \$28.70, and forwarded \$400 to my brokerage house—which was then the initial margin on one hog contract (now it's \$1,000). Now we were locked in! My banker knew about it. My family? Parents, brothers, in-laws? Good night, no! They'd call it gambling.

May 31 my broker notified us we had an "open-trade equity" of \$262.50. In other words, if I had bought back my contract that day, I would have been ahead that much on the trade. That was more than my entire profit margin on my 1971 spring pig crop.

But on June 30 we experienced another feeling: Our open trade equity showed a loss of \$135, meaning that August futures were now above my original sale price. But then on July 31, our statement switched back to black—\$142.50.

Now August. Our butchers would be ready soon. I called my broker. He thought hogs could drop—big numbers. But the big board turned up. It would cost me several hundred dollars to buy back my contract—easy money for the speculator on the other end. I chose to deliver. I sold my own hogs locally, and arranged to buy "contract" hogs at the Sioux City, Iowa, yards. This increased my costs. I lost \$759.44.

My banker suggested I chalk up the loss to education. Perhaps he was right. But you see, I had learned something else. If I had bought back my contract in May or July, I'd have made a profit. That was the answer! I would hedge our livestock, hang in if the market fluctuated against us, buy back when it turned substantially in our favor.

We looked ahead. Our next hogs would be ready in February, 1973. Sept. 20: We sold a contract for February hogs. Sept. 27, we bought back. Profit, \$482.50. It worked. In October, we traded two contracts. Profit, \$320. This was the way it was supposed to work! I studied every USDA report and price forecast I could get my hands on.

Still October, 1972. Hog futures moved up again. I called my broker; sold two February hogs Oct. 26 at \$28.35. A day later, I sold one July hog at \$26.50. Hog futures went higher. We answered a margin call with cash. Futures jumped again. Strange, I called it. An Oct. 26 newsletter from a brokerage house had said they expected to see the futures market continue in a tight trading range. Hmmm. Must be speculators playing some kind of game.

Maybe it wasn't a game. It looked like we would lose money this way. Now what? I reasoned that if we repeated ourselves at dollar fluctuations as futures went up, we'd be on top, in position to recover losses when the futures dipped. I put orders in: Nov. 1, we sold two February hogs at \$29.25; one July hog at \$27.25. Hog futures went still higher.

I talked to my broker. He warned me this wasn't the way to do it, that I could get hurt. But earlier, I had gone against his advice and made \$482.50. We repeated our hedge a third time. Dec. 11, we sold two February hogs at \$31. Dec. 13, one July at \$28.30; Dec. 14, sold one July at \$28.25; Dec. 22, one February at \$32.47. Jan. 2, 1973, sold one July hog at \$29.35.

We branched into cattle futures. Dec. 18, 1972, we sold one August LC cattle contract at \$38.75; Dec. 26, one August at \$39.75. We now had a total of 14 contracts on the books. I kept borrowing money and mailing checks for margin calls to Chicago: Dec. 12, 1972, \$2,500; Dec. 19, \$800; Dec. 22, \$1,800; Dec. 26, \$2,500; Jan. 5, 1973, \$8,100; Jan. 12, \$1,600; Jan. 17, \$4,500 . . . well, that's enough to give you the idea. Chills your blood, doesn't it?

Now my banker seriously questioned all

this. I agreed not to continue selling contracts—even if the futures market should go higher. (Impossible, I thought.) He requested a mortgage on our livestock and equipment.

January, 1973. Another margin call from my broker. He must enjoy his work. I thought. I told him I'd try to meet it.

Prices were much higher than any of the forecasts in farm publications. Jan. 18, I called an Extension economist. He thought hogs would go down—but he didn't know when. Wow! What should I do? The 14 contracts required an additional \$4,400 in margin money for each dollar increase in the market.

February. Hogs and cattle both—higher, higher. Every farmer I talked to smiled and talked cheerily about good prices. We kept our problem to ourselves. Yeah! Great—prices are really good! Oh, man. We were looking our seven February hog contracts in the face.

I began having headaches. We started sorting and selling butchers. I had until Feb. 20 to buy back the contracts—the end of the month if I delivered. It looked like these February contracts would cost us a bushel. But Feb. 20, we did it. Bought back the seven contracts at \$37.75. Net loss: \$16,617.50.

Back on Jan. 24, we had added another five July hog contracts at \$32.50, certain it was the top. Now, we had 10 July hogs and two August cattle contracts. All sold, all in the short position. We could predict when it was our broker ringing the phone. Calling to tell us we were in trouble, that hogs were still climbing, asking if we should lighten the load. But from the start I had been determined not to lose money to some professional speculator. Ours were all honest, hard-earned dollars.

Our broker was right. We were in trouble. Serious financial trouble. On Feb. 26, we . . . mortgaged land to our bank. A quarter-section my parents had settled on me by gift two years earlier. Now our indebtedness to the bank soared to \$40,000—all they could go. I was scared.

We were desperate, and prices just kept going up. We still hoped we could trade our way out, and a few times we did show profits. More often, we did the wrong thing, and lost. It wasn't working.

I went to my pastor. He advised me to tell the family. I had cashed our Savings Bonds, borrowed the loan value of our life insurance policies—gone the limit at the bank. Perhaps my parents would see fit to loan me money.

That family conference! With my parents, my three brothers—I can replay it like a record. "Reno, what did you do?" It's a long story. "What do you mean—futures?" Yes, hogs and cattle. "You're broke!" Yes, about that. "You mortgaged everything for that?" . . . YES. "What about your wife?" We've managed. "What are you going to do now?" I don't know—that's why we're here.

We talked it over. One brother suggested getting out now. Another suggested running the gamble. My parents weren't sure, but felt they could help by advancing money. By the end of my adventure in trading, I had borrowed \$16,000 from them.

I heard many reasons for the high prices. Gold, the dollar, the Japanese, the Russians, the food shortage. Watergate, stock markets, inflation. I wondered if speculation, even manipulation, didn't influence the inflationary spiral of 1973.

April, 1973—Things eased up. Then bang! May and June. Government intervention didn't hold the lid on. Should we take our losses and get out? More headaches; I prayed. Not for the money, but for mental support for my wife and myself. Our prayers must have been answered.

We had run the course. In plain words, we had run out of money to play the game. With all we could muster, we had our broker begin buying back our contracts. On July 3, we cleared the last of them.

What a relief—what a sweet relief. No more charting of the futures. No more margin calls. No more bad news from the broker. No need to have our radios on for every futures report and early morning livestock estimate. Our losses, from Oct. 26, 1972, through July 3, 1973, amounted to \$70,236.

Reno remains on the farm—he and his wife still have a going business. But they've been set back—terribly. "He's just traded off 25 years," says his banker.

Reno and I sat down with this banker and talked with brutal frankness. His banker recalled Reno coming in to talk about hedging in September, 1972.

"At that time I indicated my opposition to speculation, but said I'd go along with a true hedge." Reno nodded in agreement. "When he came in for margin later in the fall, I cautioned him that going beyond a hedge could be a pure gamble. When he came back in December, I warned him that any further advances would be considered excessive—and that he must consider using his time deposits and bonds. I was trying to slow you down, Reno."

Reviewing his notes, the banker referred to Reno's plunge in both cattle and hog futures: "Frankly, I couldn't understand what you were doing, Reno—as I told you at the time."

When the bank reached its legal limit of \$40,000 and took a mortgage on Reno's land, additional financing was out of the picture, the banker explained. He leaned back:

"Reno has always been very honest with me—completely open. He's had a good name with us, so has his family. We tried to do everything we could for him."

He reflected a moment. "You know, that's part of the problem. Reno has been a good operator, keeps good records . . . if he'd been a 'poker player' we'd have cut him off at \$20,000."

The banker shook his head; grinned at Reno: "Instead of politely telling you that you were crazy, I should have told you to get the hell out and stay out."

He added to me, "I regret that I let him go this far. But he had sound credit; he had collateral. If I had cut him off early, and 30 days had seen a change in the market, I'd have been a fool."

What does this banker think of farmers using the commodities markets? "You can't be in a broker's office, looking at the board, and driving a tractor at the same time."

As for Reno's future: "I'm positive that he's going to work it out," adds the banker. "He's still a customer, and we're carrying him on his own merit. You know what one of Reno's big concerns has been all along? That no one else lose money because of his actions."

That same concern prodded Stoebner to salvage something from his experience by making it known to other farmers. Further embarrassment?

"No," says Reno. "We've had it all. We've been to the bottom, and we've survived, mentally, spiritually. Our marriage survived. We can't be hurt more than that way."

What advice does he distill from his year in the market? First, he'd advise you to think it over carefully. "Futures may be very useful for someone like a packer. But a farmer . . . I don't know."

He points out, too, that as long as inflation continues, it's difficult to come out ahead if what you see today (on contact) may be worth more tomorrow, next month, next year.

However, if you're going to try it, he makes these recommendations:

Limit hedges to the scale of your operation.

Remember, you're locking in a price, not a profit. Unless you can lock in the price of feed and other inputs on the same relative level.

Assume you're going to pay for price protection. Don't worry about the loss of a few hundred dollars. That's the premium. You'd expect to pay for hail insurance, wouldn't you?

Make your own *informed* decisions. Don't leave them up to a broker.

Beyond this, Reno has developed firm convictions about futures trading. In correspondence with a concerned U.S. Senator, he has cited a need for legislation in four areas: Education and information for prospective traders.

Truth in trading.

Tighter control of trade organizations.

*No trading by brokers* in their own name.

At ease in the warmth of his own kitchen, Reno can look on the bright side of his personal situation. "Maybe, just maybe, I won't have lost in the long run, from the standpoint of my own education. Little things like the times you should be heading livestock for market. All my charting and study has helped me there."

"I've lost my fear of dealing with borrowed money—large sums. Somebody will take that wrong! But I do think many people would be ahead using their credit or collateral to build their operations."

More basic: "I still have my wife—we still have title to three quartersections, even if they are mortgaged—we have our health—and our three little girls love me just as much whether I'm worth \$3 or \$300,000."

#### YOUR HOG BUSINESS

Probably no subject we write about is more difficult to explain, or to understand, than trading in commodity futures. That's because you're selling or buying something you'll probably never see, at a place you can't be, for delivery at a time yet to come.

Yet futures trading is an extremely valuable tool for reducing price risks to businesses using commodities. It can be equally valuable to you in the high-risk business of producing commodities. That's why we continue to talk about them—often glibly advising that you "consider hedging", as if all our readers knew exactly how to do it.

We believe the engrossing story of Reno Stoebner, beginning on pages H-6 and H-7, teaches more about the do's, and especially the don'ts, of commodity trading than all the previous articles we've printed put together. That's why *Hog Extra* asked two full-time professionals in commodity trading to listen to Stoebner's story and point out his wrong moves and the dates he made them:

April, 1972: "Apparently, Stoebner had done a good job keeping track of his costs. Too bad he didn't do as careful a job studying his 'basis'—the relationship between local prices and those in Peoria, Ill., the delivery point for hog futures. Sioux City prices are automatically 25c below those in Peoria. Without taking his local basis into account, he couldn't do an intelligent job of hedging. Also, this confusion probably led him into the mistake of delivering the way he did."

August, 1972: "He hurt himself rather than the speculators when he decided to deliver the hogs rather than buy back his contract. If his own hogs were of the required grade, he would have been better off to have shipped them to Sioux City or Omaha and buy hogs for delivery. His loss on the contract was \$1.15 per 100 pounds or \$375, including the \$30 commission. It cost him the remaining \$384 to deliver as he did."

September, 1972: "The minute he decided to buy back his contract when the price moved in his favor, he became a speculator. He was speculating not only on the price movement of futures, but he also lost his hedge on the hogs in his feedlot and once more became a speculator on cash hogs. This is where both his banker and the broker should have blown the whistle."

October, 1972: "Unless his own herd had

suddenly doubled, he didn't have enough hogs of his own to require the two contracts as a hedge. So he was speculating on that second contract. A day later he sold one July contract. He had no hogs for July delivery, so that was pure speculation."

November, 1972: "By repeating his sell orders to cover price fluctuations, he was trying to 'dollar average', which is all right as a cash sales strategy. But in futures he was only adding to his speculative position each time."

December, 1972: "With 12 open hog contracts, he had enough to hedge 1,600 hogs, yet we gather he had only about 160 in his lot. He doesn't mention what kind of cattle he had. Unless he was going to have light slaughter cattle ready in December, he had the wrong contract for hedging."

Conference with banker: "The banker is wrong in saying you shouldn't hedge because you can't watch the market from a tractor seat. If you want top dollar for your hogs, you have no alternative but to watch the market. In fact, if you know your production costs and have a chance to hedge at a satisfactory profit, you have less reason for watching the market than if you plan to sell for cash. But any producer needs to watch the market and plan his marketing accordingly."

Summary: "Only people with these two qualifications should speculate: (1) the proper amount of risk capital; (2) the proper temperament for commodity trading."

#### PENSIONS—A RIGHT FOR ALL AMERICANS

Mr. CRANSTON. Mr. President, the 30 million American workers who are covered by private pensions plans, understandably expect to collect some benefits when they retire. They believe—and they have a right to expect—that each month money deducted from their wages goes into a secure pension fund and that the total plus interest will be theirs at retirement.

But the sad truth is that one-third to one-half of the wage earners now reaching retirement may never collect a cent from their present pension plans. The Senate Labor Committee, on which I serve, recently studied 87 pension plans and found that under some of them, no more than 1 out of every 12 employees ever received any benefits.

A Ralph Nader survey cites the following bitter case histories:

A Buena Park aerospace worker received no pension after 27 years because he had worked for three different companies and had been laid off each job just before reaching the 10-year minimum service requirement.

A middle-aged foundry worker lost his job after 21 years when the plant closed down. There was no pension waiting for him because the company's pension plan had folded along with the plant.

A man who worked for a large department store for 52 years retired at age 65. He received his monthly pension check for 13 months. Then the company went bankrupt and his checks terminated. Permanently.

As a former Assistant Secretary of Labor told our Senate Labor Committee:

In all too many cases the pension promise shrinks to this: "If you remain in good health and stay with the same company until you are 65 years old, and if the company is still in business, and if your department has not been abolished, and if you haven't been laid off for too long a period, and if there's enough money in the fund, and

if that money has been prudently managed, you will get a pension!"

I believe that list of "ifs" and "maybes" is just intolerable. And I think most Members of Congress agree.

Some kind of pension reform is almost certain to emerge from the present session of Congress. And it may be one of the most important pieces of social legislation this year. I will, of course, do all I can to see that we accomplish this reform as soon as possible.

Several bills have already been introduced which will have to be reconciled. But to some degree all these bills tackle the major problems of many private pension plans. They would standardize minimum age and years of service requirements; allow "portability" of benefits from one job to another; assure adequate funding of company plans; and provide Federal insurance to see that your benefits will be there when you are ready for them, similar to Federal deposit insurance that protects your savings against bank failure.

These plans do not require large outlays of Federal moneys. They simply set down basic rules for fair play for men and women who work a lifetime, plan for retirement, and rightfully expect their retirement to be secure.

#### RURAL LIFE IN MINNESOTA

Mr. HUMPHREY. Mr. President, recently many of Minnesota's rural leaders were given a chance to carefully define current and emerging problems confronting our rural communities.

In collaboration with Minnesota's Joint Religious Legislative Coalition, the Rural Life Task Force, composed of rural residents and experts in areas of special concern to rural Americans, offered a series of practical proposals to alleviate the problems of health, housing, energy and the environment that they face.

According to the JRLC paper, the problems of the rural farmer can no longer be taken as separate from the problems of the urban consumer. If family farms are allowed to be replaced by giant corporations which control food from production to marketing, "the cost of food would soar." In contrast to "corporation farms," the JRLC supports the concept of "family farm corporations" which are family farms that are legally incorporated for inheritance and tax benefit purposes.

In the areas of rural housing and land use and development, the coalition offers some important proposals to eliminate the gross injustices forced upon local farmers and migrant workers. The JRLC strongly supports the expanded use of low-interest loans to repair and rehabilitate rural housing, both owner occupied and rented. In attempting to control haphazard development, the JRLC urges the establishment of a land use planning system, allowing local people to help plan and review plans of land use in conjunction with the State authorities.

Probably the most urgent problem facing not only our rural areas but our urban areas as well, is the energy crunch. The JRLC recommends that, to the ex-

tent possible, greater coordination in the use of energy plant production be fostered and an equitable and adequate means of distributing available energy resources to all Americans be developed. According to the JRLC, if the present crisis escalates, they would favor fuel rationing, over extraordinary price rises or increased taxes, as a way of allocating scarce fuel. They too believe that this allows for a much fairer allocation of fuel to both the affluent and the poor.

The Rural Life Task Force has done a magnificent job of focusing on the major problems in rural America. And, more importantly, they have offered constructive solutions to these problems.

Mr. President, I firmly believe that task forces of this type could be extremely beneficial to many rural and urban areas. I ask unanimous consent that this outstanding report, "Rural Life in Minnesota," be printed in the RECORD.

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

#### RURAL LIFE IN MINNESOTA BOARDS OF DIRECTORS' STATEMENT

This position paper was reviewed and approved by the Boards of Directors of the Minnesota Catholic Conference, the Minnesota Council of Churches and the Minnesota Jewish Community Relations Council. This paper reflects the official view of the leaders of the major religious bodies of Minnesota.

This paper attempts to show how the laws proposed will contribute to the betterment of Minnesota. Although religious motivation played an important role in its drafting, this paper is offered on its own merits.

#### TASK FORCE PROCEDURE

The Rural Life and Economic Development Task Force was originally commissioned by the JRLC Central Committee in January of 1972 to develop legislative proposals which would have a positive impact on the rural community of Minnesota.

On November 18, 1973, in preparation for the 1974 Minnesota State Legislative session, JRLC sponsored a Rural Life Conference. This conference, held at the College of St. Benedict, St. Joseph, Minnesota, brought together rural residents and experts in areas of rural concern. Through a process of small workshops the rural residents had a chance to voice the problems which they see as most affecting their communities, and those experts who have had staff experience in fields such as housing, health and energy participated in a discussion of problems and solutions with these people. Following this conference, the Rural Life Task Force met twice in the months of November and December and the result of those meetings is contained in this paper.

#### INTRODUCTION

"There is much foolish talk heard today about farming, that family farms are obsolete, that modern production technology will soon provide all the food and fiber we need by simply pushing a few buttons, that farmers themselves are a vanishing breed. Nonsense.

Man does not have to be the victim of the tools he has created; he can and should be the directing force of those tools, the manager, the policymaker, the decision maker."

—HUBERT H. HUMPHREY.

The complex problems which face the urban areas today also threaten the rural areas. These are problems of health, housing, energy and environmental uses which must be solved or alleviated in order for man to live with dignity.

In addition to these problems, the farmer and rural resident faces his own particular

kind of threat from the large corporate magnates who are now moving into control of the food industry from growing to marketing. Thus we must address ourselves to the problem of controlling vertical integration which so seriously threatens the family farm in Minnesota. The other problem of the rural areas which demands immediate attention is the danger in the present system of land use development, in which little or no controls are put on the way land is sold and developed in our state.

The underlying premise in the JRLC Rural Life paper is that the problems of the rural farmer are the problems of the urban consumer. We can no longer afford to consider that the two ways of life in Minnesota are separate. If the family farm disappears, the city resident will also suffer for the giant corporation will control the food industry and the cost of food could soar. Similarly, if other problems in the rural area such as housing, health, and energy, are not met so that families can live with dignity while farming the land, then they will be forced to turn their farms to the agribusiness industries.

We attempt to address some of these problems in this paper, and to begin to work toward some legislative solutions which will make a better life for the Minnesota farmer, and consequently a better life for all the citizens of Minnesota.

#### VERTICAL INTEGRATION

The JRLC proposes that vertical integration in agriculture be controlled by legislation for the protection of the family farm in our state.

It is in the interest of both the farmer and the consumer that the growth of giant corporations which control food from production to marketing be stemmed. To this end the family farm would also be protected.

The JRLC supports the concept of a family farm corporation, these are essentially family farms which have been incorporated legally for tax and inheritance benefits. An authorized corporation farm as defined in previous law has no more than ten shareholders, all individuals. A family farm corporation is a corporation in which a majority of the shareholders are related to one another.

We do oppose "corporation farms" and "vertically integrated" farms which are dominated by the large agglomerate corporation of both the nation and the world.

One such example of an agglomerate moving into the agribusiness is the Greyhound Bus Company. This corporation brought the Armour meat business in 1970 and within a year its sales increase was a "whopping 301.3 percent, the record for the entire 500" observed *Fortune*. (June 5, 1972)

There are many firms which control two or more of the following processes—growing, feeding, slaughter, packing, retailing, feed and grain production and equipment manufacture. JRLC supports new legislation which will make takeovers of the entire food production by controlling several of these processes illegal in Minnesota.

We do support the cooperative associations if they are substantially owned by farmer producers. These are methods for farmers to better serve themselves as communities and sustain themselves as individual, family farm owners.

#### RURAL HOUSING

The JRLC recognizes the need for good, comfortable and safe housing in the rural area to repair and rehabilitate rural houses, both owned and rented.

The JRLC recognizes the need for good, comfortable and safe housing in the rural area. It serves the dignity and protection of rural residents as well as the community at large to keep houses in the rural area liveable for families and to cut down on the number of abandoned structures.

While rehabilitation and remodeling of

houses is a priority, we also recognize the need for low-cost housing financing to build new homes for those young people who want to begin a career of farming. Part of the problem in getting youth involved in agriculture lies in the prohibitive cost of buying a farm and providing decent housing for young families.

The JRLC supports the State Housing Finance Corporation and urges that it address itself in a positive way to the rural housing problems of this state. We also urge that guidelines be established in these rehabilitation loans to keep the homeowner or renter from being victimized by unscrupulous home repair firms.

The JRLC also proposes that rural residents who are migrant workers be provided with recent, safe and comfortable housing by those who are responsible for their living quarters.

We deplore some of the situations in which migrant workers are forced to live and urge the Government of the State of Minnesota to play a significant role in inspection of these living quarters, and the use of the State Housing Finance Corporation to remedy some of the housing injustices now being forced on these people.

#### LAND USE AND DEVELOPMENT

The JRLC urges the Legislature to establish a land use planning system which would involve State, regional and local government.

The manner in which man uses land is the single most encompassing environmental question. It is also of prime concern at this time to the rural farmer. Currently we find there is no general land use policy which is carried out in the state of Minnesota. Lacking that, we are left with haphazard development which has no direction. Since it appears evident that growth and development will continue for the foreseeable future, the state must be equipped to adequately plan for that growth and development.

JRLC supports a land use planning system which would involve people at all levels of government: local, regional and state. A state department of Land Resources should be established. It should have the power to develop an information system for planning and land use regulation and promulgate standards for the protection, use and development of the land. In addition it should have the power to identify and pass judgment on all developments of regional or statewide importance.

Regional government, with the involvement of local people, should play an active role in land use planning. It should help plan and review plans of land in conjunction with local government.

Final authority over land use should continue to rest in local government. However, their ordinances and plans should be in harmony with the state land use plans. In addition, a review process should be built in to deal with variances which are granted.

In summary, JRLC sees a need for a state planning for land use because much of our land is being raped by developers for a fast dollar in lake and summer homes. After building and selling, these developers move quickly on to the next bonanza and leave the local farmer with the bill for sewers, roads and snow removal for these part time residences. We see a need to use our land more humanely and in the interest of the local community. However, we do believe that state planning ought to coincide with local control. The JRLC believes that local people have the basic right to plan for their area, and that one of the elements necessary for our Land Use Planning Agency to work is that local people develop political skills necessary for them to take part in the government which affects them so greatly.

#### THE 20-PERCENT GROWTH FACTOR

The JRLC proposes deletion of the 20% growth factor from the 1973 Minnesota Corporate Farm Act.

The 1973 Minnesota Corporate Farming Act calls for an allowance of a maximum of 20% increase in acreage every five years owned or leased as part of the farm. The JRLC does not believe that growth is automatically beneficial, either to the individual farmer or the community, and therefore proposes that any growth allowance be deleted from the Corporate Farming Act. This would prevent any acreage increase beyond the original holding of land and would underline our support for the small Minnesota family farm.

#### ENERGY

The JRLC supports efforts of coordination to alleviate the energy crisis facing us today and equitable means of distribution of our available energy resources for farmers.

We recommend that coordination and consolidation of energy plants and systems be implemented wherever possible in order that all might benefit in this time of limited energy supply. This would include sharing of municipal plants in the cross country grid system wherever possible.

Also, recognizing particular energy needs of rural Minnesota, we support fair and adequate fuel allocation for the farmer to carry on his production of food and poultry. In addition, if the present level of crisis escalates and the nation is forced into emergency measures, we support the alternative of rationing rather than raising prices or adding a tax or surcharge, since we believe rationing is a much fairer method of serving both affluent and poor.

#### RAIL SUPPORT

The JRLC supports regeneration and upgrading of our rail service for the transportation of the produce of the Minnesota farmer.

Because the energy crisis has forced us to take closer look at transportation developments of recent years, the JRLC recommends supportive legislation to regenerate the rail service in our state. Rail service, as an alternative to trucking is a less expensive method of transporting the farmers yield and in many cases is more efficient. It certainly provides an alternative in terms of more moderate fuel use when compared to the heavy trucking service which now dominates the rural transportation scene.

#### HEALTH CARE DELIVERY

The JRLC proposes that the legislature enact bills which would help make more available health care delivery at a lower cost and in a more efficient manner for the rural area.

The JRLC recognizes that the major health problem facing rural America is similar to that facing the urban populations; namely, the accessibility and availability of primary health care services.

Primary care is that point at which the individual enters the health care delivery system. It is the point of the medical check-up, the immunization, the general out-patient care. Making such primary care services available in rural areas presents particular problems because of the large geographic areas to be covered, the lack of medical doctors in family practice and the restrictions on the functions of allied health personnel.

In an attempt to alleviate part of the problem, the JRLC promotes the following recommendations:

1. That allied health personnel be given wider powers of service to the people of Minnesota so that basic care may be spread over wider areas; this would mean that nurses and technicians would be able to perform, within their competency, functions which are now reserved to Medical Doctors.

2. That the state assist this effort with monies for local nursing services.

3. The insurance companies required to include 3rd party reimbursement for out-patient services. One of the gravest problems we have is that hospitalization is many times

required to allow insurance payment for tests and other services which could be done on an out-patient basis. This increases loads on hospitals and causes useless expenditures of the health care dollar, thus inflationing the cost of health care for everyone.

4. That increased support for local and state services for emergency medical services be encouraged.

#### YOUTH AND FARMING

The JRLC recommends that support for new and young farmers be encouraged by the State and National government wherever possible.

Minnesota is currently losing 2,000 family farms a year. The problems are capital, marketing, and tax loopholes for the large corporations which make it literally impossible for the current family farms to continue operating in competition with the large corporations. Thus, present farmers are being financially squeezed out while new, young farmers cannot find the capital with which to get started on their own farm. We urge state and national officials to study this problem and to work for solutions which may include long term low interest loans for new young farmers with which to begin their farm careers. We also urge further appropriations for agricultural education programs for small farms only to help the farmer operate in the most efficient manner.

#### ACKNOWLEDGEMENTS

JRLC acknowledges the special help of Bishop George Speltz of St. Cloud for the Rural Life Task Force. Also we recognize valuable contributions of our task force chairman, Mr. Eugene Miller, and Father Elmer Torborg, Rural Life Director of the Diocese of St. Cloud.

#### TASK FORCE MEMBERS

Honorary Chairman: Bishop George Speltz, Diocese of St. Cloud, St. Cloud 56301.

Chairman: Eugene Miller, Waseca, 56093. Bert Bellig, Sanborn 56083; Fr. Paul Halloran, St. Leo's Church, Pipestone 56164; Rev. Wesley Haugen, Battle Lake 56515; Paul Kabat, Newman Center, Bemidji State College, 1701 Birch Lane, Bemidji 56601; Rev. J. G. Meiners, 512 N. 2nd St., Delano 55328; Rev. Silvianus Roehl, Wabasso 56293.

Ivan Rogers, Guthrie 56451; Msgr. W. P. Schimek, Church of Mt. Teresa, Mapleton 56065; Kenneth H. Skogen, Assistant Professor of Sociology; Dept. of Sociology, Bemidji State College, Bemidji 56601; Rev. Elmer Torborg, St. Paul's Church, Sauk Center 56378.

#### STAFF

Judy Healey, 122 W. Franklin Av., Mpls. 55404.

#### RESOURCE PERSONS

John Herman, MPRG, 400 Roanoke Bldg., Mpls. 55402; Cy Carpenter, Minnesota Farmers Union Co-op, 1275 University Avenue, St. Paul, Mn 55101; Milt Hakel, Minnesota Farmers Union Co-op, 1275 University Avenue, St. Paul, Minnesota 55101; National Catholic Rural Life Con., Co-Director, John McRath, 3801 Grand Avenue, Des Moines, Iowa 50312; Dave Sauer, Central Minnesota Health Planning Council, 1528 6th Avenue N., St. Cloud, Mn 56301; Jerry Blonigen, National Farmers Org., Rt. 1, Paynesville 56362; Gerald Ellers, St. Cloud Housing and Redevelopment, 9 North 5th Avenue, St. Cloud, Mn 56301; Jim Graeve, Caritas Family Services, 810 St. German Street, St. Cloud, 56301.

#### DO NOT STAY AWAY

Mr. McGOVERN. Mr. President, on Wednesday, February 27, I addressed a group of students here in Washington and explained to them my views on the role that they might play in the future of this country.

Because those remarks have relevance,

I believe, for young people in general, and particularly for the young people of my home State of South Dakota, I ask unanimous consent that my remarks be printed in the RECORD.

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

DO NOT STAY AWAY

(By Senator GEORGE McGOVERN)

You are here today in defiance of some advice you heard during the Watergate hearings. Gordon Strachan, H. R. Haldeman's assistant in the White House, was asked what he would recommend to young people who wanted to become involved in politics. ". . . my advice," he said, "would be to stay away."

Stay away, he said, from a corrupt system which corrupts all who serve it.

Stay away, he said, from Washington and the White House, for there the only sin is defeat, the only virtue—victory.

Stay away, he said, far from the political crowd, safe in the comfort of private life, isolated from the concerns of public leadership.

How far from the conception of Jefferson and Lincoln that politics is a most worthwhile endeavor.

The distance is measured in the dishonor which devastated the ideals and the lives of young Americans like Gordon Strachan. It did not happen to them in a Tammany Hall Clubhouse, but in the White House, the highest and most powerful place in our nation. There, they were told that cold-blooded toughness was the essential quality of character. There, they were taught loyalty, not to principles, not even to the office of the presidency, but to the political survival of one occupant of the White House. Leaving all else if necessary, they were asked to cleave only to him. For them, ours was not a government of laws or even of men, but of one man. The question they always thought to ask was not "why," but "what."

And then, amid the ashes of their hopes and the fraying of our common faith in the integrity of our institutions, you were told to stay away.

With these words of advice comes a note of defense; they say, we are sorry for what we did, but everybody does it; the only difference is that we got caught.

But John Kennedy's campaign did not burglarize the Republican National Committee. Dwight Eisenhower did not wiretap Adlai Stevenson. Harry Truman did not avoid his fair share of taxes. Politics, like every part of life, is imperfect. But politics does not have to be immoral. And in general it is not. At its best, it permits people to join together honestly and decently to shape their country and bend their times in the direction of justice. The power of government can be used instead of abused; the White House can be a source of hope instead of special deals.

But whatever pain has come from Watergate, there has also been progress.

At long last, Congress has been challenged enough to insist on its rightful check on the executive. The legislative branch has moved to restore its war powers; it has cut off funds for the bombing of Cambodia; it has created a permanent safeguard against wars by presidential whim. And on that one question, at least, Congress has overridden a presidential veto.

At the same time, efforts are underway to strengthen the capacity of the Congress to exercise firm and effective budgetary control. Hopefully, we have moved away from the notion that the President has either a divine right or a man-made mandate to rule behind closed doors without reference to the Congress, the press, or the people.

For too long, the legislative branch shirked its constitutional responsibilities—and it has only just begun to reassert them. Congress's rating in the polls is low not because it has done too much, but too little and so very late. But in the wake of Watergate, it is not only the right policy but the right politics for the Senate and the House to exercise their powers to restore integrity to government and abundance to the economy. The failure of the White House is no excuse for failure on Capitol Hill. Instead, this is the time for Congress to be fully on the job.

And Watergate has helped to change the conduct of our campaigns as well as the conduct of the Congress. Even before the passage of the new campaign reform law, we are seeing a cleaner, better politics. Some candidates who are exploring a presidential race in 1976 are limiting the size of the contributions they will accept in 1974. Candidates for State office are disclosing their contributions and their spending—not because the law may require it, but because the people are demanding it. Candidates for Congress are disclosing more than the law asks—because those who ask for the support of the people must earn the trust of the people—not just by asserting their honesty, but by proving it. And any candidates who seeks to hide his sources of support or pursue the strategy of smear will discover that things have changed since 1972. This year, the only place for Watergate politics is in the loser's column.

So we have come a long way since 1972. I suggested last summer that while it was a disappointment to me and millions of supporters, it may ultimately prove to be a victory for the country that Mr. Nixon won the election. For that overwhelming result, followed by the disclosure of unprecedented scandal and the assertion of uninhibited White House power, has shocked the nation and inspired reform as nothing else could. I wanted to call America home to her founding principles. This Administration has sent us home in search of those ideals.

But we must also recognize that reform is not our final purpose, but a precondition to other steps. A clean politics is not a sufficient politics. A system of checks and balances may help us do what is right—but it will not secure us against policies that are wrong.

The secret bombing of Cambodia would have been a disaster—even if Congress had known about it and approved it as the Constitution requires.

Vietnam would have been a tragic enterprise—even if Congress had been a full partner in carrying it out.

Antitrust policies that shelter outfits like ITT would have harmed the American people—even if they were not the *pro quo* for a hefty *quid* from the company, and even if they were set by a President who campaigned fairly and spoke candidly.

Bad policies cannot be redeemed even by the best process. Reformed politics and restored institutions can only give the people the opportunity, if they will take it, to move the nation in better ways.

This is a task you have taken for yourselves. And today's policies need attention too.

I hope you are here to insist that it is wrong to repeal our environmental programs just because the big oil companies have the power to create a shortage and profit from it. I hope you are here to insist that it is wrong to spend new billions on military waste while hospitals and housing are cut back, just because the Pentagon has a better lobby and defense contractors are more influential than the sick and the homeless. I know you are here to insist that it is wrong to adopt a policy of sharply higher tuitions for students just because a myopic businessmen's committee thinks that is the right thing to do.

If you bring your ideals with you, you can provide a voice for yourselves. But you will also raise a voice for those who are represented in theory but too often neglected in fact. You can express the views of the people to a Congress that is sworn to serve them—to serve not the few who want a special deal for themselves, but the many who want a better land for us all.

That makes you a part of perhaps the most significant change in decades in the way Washington does the public business. For too long, no one followed the day to day details of government except private lobbies—and they were pleading their own case, not the interests or the ideals of the people. That is their right. And many of those lobbies have been right.

But now others like you have assumed the responsibility to speak for principles and for the broader public interest.

And your voices will be heard when Congress votes. Public interest lobbies have already changed the life of the nation. One man, standing alone, forced the auto industry to care about our safety as well as their sales. One organization, supported by ordinary citizens instead of wealthy corporations, is advancing the cause of campaign reform. Today, there are many lobbies for the public interest, where before there were none. Today, Senators are summoned from the floor to hear from the representative of Common Cause as well as the representative of General Motors.

Gordon Strachan may tell you to stay away. You may draw the same message from so many other young people who were caught up in a White House that forced them to shed common decency to get along.

But I believe there is no better moment for you to come to Washington. After Watergate, more change is possible because the need is more sharply in focus. The people want it, and the government cannot dare to deny it.

So if others ask whether they should attend the public service, this should be your reply:

Don't stay away—get involved in a politics that is interested in advancing ideals rather than making deals.

Don't stay away—get involved in a government which can belong to the people instead of the privileged, which can listen to you instead of the few.

Don't stay away—get involved in a system which will be as good, or as bad, as we together make it.

For we need your help—not only to improve the American condition—but to prove once again that politics can be an honorable endeavor, and public service a high calling for us all.

## SECTION 23—LEASED HOUSING

Mr. CRANSTON. Mr. President, on November 9 and 15, 1973, HUD published in the Federal Register new regulations for section 23, the leased public housing program. These regulations dramatically revise the relationship between the local housing authority and the developer of section 23 units and the relationship between the local housing authority and the low-income tenant.

Unlike existing regulations, the new regulations require the low-income family to enter into a lease with the developer/owner, not with the local housing authority. The developer has the responsibility for management, maintenance, and operation of the project, not the local housing authority. The local housing authority's responsibilities shrink to administrative details.

In a February 4 letter to me, the General Counsel of HUD, Mr. James L. Mitchell, explained why HUD had issued new regulations.

Mr. Mitchell wrote:

Our recent reevaluation of HUD programs has convinced us that the program has developed inequities, inconsistencies, lack of uniformity and serious deficiencies in control. We determined that it is necessary to remove these conditions for the program to be administered in an acceptable manner.

Inequities, inconsistencies, lack of uniformity, deficiencies in control: these are HUD's all-purpose vocabulary, used to justify the moratorium on the subsidy programs and now used to justify new regulations.

The use of these terms with respect to the section 23 program is puzzling. Section 23 is the one subsidy program removed from the moratorium. In last year's testimony before the Senate Housing Subcommittee, HUD did not indicate that section 23 was guilty of either general or specific abuses. "Housing for the Seventies," HUD's National Housing Policy Review report released in October 1973, does not substantiate this attack on section 23.

Chapter IV of this report assesses the equity, impact, and efficiency of the suspended subsidy programs. Chapter IV is the logical place to find section 23 abuses. The only reference to section 23 is favorable. It costs \$1.03 to produce a dollar's worth of housing service under the leased housing program compared to \$1.23 for "turnkey," and \$1.40 for conventional public housing, according to the report.

So abuses are not the reason for the new regulations. And the real reason is no secret: The President states it clearly in his September 19 housing message.

Stated the President:

I am advised by the Secretary of Housing and Urban Development, that one of the existing construction programs—the section 23 program under which new and existing housing is leased for low income families—can be administered in such a way which carries out some of the principles of direct cash assistance. If administered this way, this program could also provide valuable information for us to use in developing this new approach.

I support a full experimentation program to test the worthiness of a direct cash assistance or housing allowance program. I do not believe, however, that the section 23 program—which has proven its worth in California and in many other States—should be distorted to fit the goals of an experiment.

After the November rules were mysteriously impounded by the Office of Management and Budget, they emerged in slightly different form on January 22. Since January 22, I have received letters from builders of section 23 units. They all say the new regulations are unworkable. I have received letters from housing authorities in California, San Diego, Long Beach, Berkeley, Santa Clara, Contra Costa, Kern, Yolo, Santa Barbara, Stanislaus, San Luis Obispo, Santa Cruz, San Bernardino and other housing authorities have written. The new regulations, they echo, are unworkable.

So what do we have? The only program the administration has freed from the moratorium is shackled by administrative regulations. It is ironic. And it is tragic for low-income families who see this program as their chance for decent and affordable housing.

In my letter of December 7 to HUD, I asked the Department for legal justification for several specific regulation changes. What I received from HUD was a statement of policy—an explanation of what kind of program HUD wants to see rather than an explanation of what the existing statute allows.

Mr. President, I ask unanimous consent that my letter to HUD of December 7, 1973, and the Department's reply of February 4, 1974, be printed in the RECORD.

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

EXHIBIT A

DECEMBER 7, 1973.

Mr. DANIEL P. KEARNEY,  
Deputy Assistant Secretary, Housing Production and Mortgage Credit, Department of Housing and Urban Development, Washington, D.C.

DEAR MR. KEARNEY: As I indicated at this morning's executive session of the Housing Subcommittee, I have several questions regarding the Section 23 handbooks proposed in the Federal Register on November 9 and 15. I would appreciate your answers to the following matters.

The handbook on new construction states in the initial section that the Department intends "to publish in the near future a notice of proposed rulemaking that will incorporate the procedures applicable to new construction and existing housing with and without substantial rehabilitation. Public comment with respect to these procedures will be invited before the Department promulgates its final regulations. . . ."

This tentative nature of the handbook is contradicted by the language in the body of the handbook which states that "Unless specific approval is obtained from HUD, the policies and procedures contained herein shall apply to all construction for leasing projects for which agreements to lease have not yet been entered into."

Are these rules preliminary or not? If these regulations do not constitute a notice of proposed rulemaking, when does the Department intend to issue such a notice?

Between now and the adoption of the final regulations, what handbooks will be used by the HUD Area Offices?

I would appreciate receiving the Department's explanation for these departures from the present statute.

Section 1-3-0 of the construction handbook requires the owner to perform functions which in the statute are left to a negotiated agreement between the owner and the local housing authority. On what authority does the Department recast what are matters to be negotiated into specific responsibilities of an owner?

Section 1-3-0 of the construction handbook handbook requires the local housing authority to enter into a Housing Assistance Payments Contract with the owner. The existing statute does not prescribe the method of subsidy payment. It is my understanding that while Housing Assistance Payments Contracts have been used, the most common form of arrangement has been for the LHA to make the entire rental payment to the owner and then collect rent from the tenant. How does the Department justify prescribing one method of payment while the statute leaves this to negotiation?

Section 1-3-c of the new construction handbook mandates that housing assistance payments shall be paid to owners only for those units occupied by eligible families. As I read it, the statute does not give express authority to terminate the subsidy when a unit is unoccupied. I would appreciate your explanation for this rule.

I look forward to your reply.

With best wishes,

Sincerely,

ALAN CRANSTON.

EXHIBIT B

THE GENERAL COUNSEL OF  
HOUSING AND URBAN DEVELOPMENT,  
Washington, D.C., February 4, 1974.  
Hon. ALAN CRANSTON,  
U.S. Senate,  
Washington, D.C.

DEAR SENATOR CRANSTON: Your letter to Daniel Kearney of December 7, 1973, regarding proposed Section 23 handbooks and regulations to be issued pursuant to Section 23 of the United States Housing Act of 1937, has been referred to me since the issues raised deal with legal matters.

It was stated in the informal publications in the Federal Register of November 9 and 15, 1973, that HUD would publish the regulations in the near future in a notice of proposed rule making, and that public comment would be invited in that notice before promulgation of the final regulations. That notice was published in the Federal Register on January 22, 1974 and provides for a period of 30 days from that date for public comment.

The reference in the November 9 and November 15 publications to requiring specific HUD approval of leasing projects for which agreements to lease had not been entered into prior to those dates was considered necessary to control the making of additional new commitments under the then existing HUD procedures in view of the forthcoming changes in policy. The policies and procedures contained in the November 9 and 15 published material were not implemented and have not been utilized for processing or funding of any projects.

Your other questions relate to our authority for the requirement that the owner be fully responsible for management of the units; for the method of payment to the owner; and for the requirement that owners will be paid only for units leased by eligible families. It is our view that those provisions are fully consistent with the purpose and intent of the Section 23 legislation and are reasonable considering the compensation provided for the owner.

The basic original intent and purpose of the Section 23 legislation was to provide a program of short term leasing of privately owned vacant housing. The direction taken by the Section 23 program over the years since its enactment has been toward complete assumption of management and financial responsibility by the LHA's and toward no risk to the owners. In new construction this trend has been coupled with long term 20-year commitments of annual contributions, with tax-exempt bond financing by non-profit shell corporations and with rights to LHA ownership of the leased housing. Our recent re-evaluation of HUD programs has convinced us that the program has developed inequities, inconsistencies, lack of uniformity and serious deficiencies in control. We determined that it is necessary to remove these conditions for the program to be administered in an acceptable manner.

Accordingly, the program has been modified to provide that the basis for the compensation to be paid owners under the proposed regulation is the "fair market rent" of privately owned, modest, decent, safe and sanitary housing in the area. This "fair market rent" is the market-place compensa-

tion of private owners renting directly to nonsubsidized families. These owners in the private market place are responsible for managing their properties and for all the financial risks involved, including vacancy losses, etc. We believe, therefore, that it is appropriate and reasonable to assure that owners paid fair market rents under the proposed Section 23 program be required to assume the responsibilities, risks and relationships with the renting families normally assumed by the private owners. Indeed, considering that owners can call upon the LHA's for eligible applicants and are assured of the difference between what the families can pay and fair market rents, owners willing to provide acceptable housing at a fair market rental should find the program attractive.

As to the technical legal authority to issue the regulations (in addition to the general authority under section 7(d) of the Department of Housing and Urban Development Act (42 U.S.C. 3535(d))), we rely on the provisions of Section 10(b) of the United States Housing Act (42 U.S.C. 1410(b)) as follows:

"Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority [HUD], to assure the low-rent character of the housing projects involved. Toward this end the Authority [HUD] may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration of cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors. . . ."

We believe that the foregoing provisions provide adequate legal authority for the regulations, bearing in mind the basic intent and purpose of Section 23 and the inequities inconsistencies, lack of uniformity and serious deficiencies in controls which exist under the existing policies and procedures.

Sincerely,

JAMES L. MITCHELL.

Mr. CRANSTON. Mr. President, HUD replied with a policy statement because that is what the regulations are. They anticipate what the Department would like to accomplish legislatively through S. 2507, the Administration's Housing Act of 1973.

Regulations should be made pursuant to law, not in anticipation of it. The Senate Banking Committee this month reported the Housing and Community Development Act of 1974, which contains a revised section 23 program. The House Banking and Currency Committee is marking up its version of the same bill. The compromise of these versions signed into law is the statutory authority for new regulations. The authority does not lie in a hoped-for bill. HUD should withdraw these regulations and use the present regulations until it gets a congressional mandate to revise the program.

In January 1973, the administration cut off the subsidy programs in clear violation of congressional direction. This year's new regulations grounded in pending legislation show that HUD's boldness has not diminished.

#### THE TERMINOLOGY OF ENERGY

Mr. McGOVERN. Mr. President, the energy crisis which has dominated the

news in recent months has unleashed on Americans a new language.

Terms such as "liquefaction," "Bunker-C," "cryogenic transmission," "proved reserves" and "magnetohydrodynamics" are frequently used.

To help the public understand such terms, the Science and Astronautics Committee of the House of Representatives have published a helpful glossary of energy terms, and I ask unanimous consent that it be printed in the RECORD.

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

**Acre-foot.** A quantity of water that would cover 1 acre, foot deep. Contains 43,560 cubic feet, 1,233 cubic meters, 32,580 gallons (U.S.). One acre-foot of water can satisfy the municipal and industrial energy demands of four people for 1 year.

**AGA.** American Gas Association. The trade association of the private gas industry.

**Alternating Current (AC).** An electric current whose direction is reversed at regular intervals. Electric power in the United States alternates with a frequency of 60 hertz, or cycles per second. Some European countries use 50 hertz.

**Ampere.** A unit of measure for an electric current; the amount of current which flows in a circuit in which the electromotive force is one volt and the resistance is one ohm.

**Animal Waste Conversion.** The process for obtaining oil from animal wastes. A Bureau of Mines experiment has obtained 80 gallons of oil per ton from cow manure. In comparison, average oil shale yields 25 gallons of oil per ton of ore.

**Anthracite.** A hard, black, lustrous coal that burns efficiently and is therefore valued for its heating quality.

**API.** American Petroleum Institute. A trade association of the American petroleum industry.

**Associated-dissolved Gas.** Associated gas is free natural gas in immediate contact, but not in solution, with crude oil in the reservoir; dissolved gas is natural gas in solution in crude oil in the reservoir.

**ATGAS.** A process for coal gasification being developed for the Department of the Interior by Applied Technology Inc. The primary feature of the process is dissolving of coal in a bath of molten iron.

**Atomic Energy.** The energy released by a nuclear reaction or by radioactive decay. (See radioactivity, fission, fusion, nuclear reactors).

**Average Life (mean life).** The average of the individual lives of all atoms of a particular radioactive substance. It is 1.443 times the radioactive half-life of the substance.

**Autofining.** A fixed-bed catalytic process for desulfurizing distillates.

**Backup.** Reserve generating capacity of a power system.

**Barrel (bbl).** A liquid measure of oil, usually crude oil, equals to 42 American gallons or about 308 pounds. One barrel equals 5.6 cubic feet or 0.159 cubic meters. For crude oil 1 bbl is about 0.136 metric tons, 0.134 long tons, and 0.150 short tons. The energy values of petroleum products per barrel are: crude petroleum 5.6 million Btu/bbl; residual fuel oil—6.29; distillate fuel oil—5.83; gasoline—5.25; jet fuel (kerosene type)—5.67; jet fuel (naphtha type)—5.36; kerosine—5.67; petroleum coke—6.02 and asphalt—6.64.

**Base Load.** The minimum load of a utility (electric or gas) over a given period of time.

**Base Load Station (Gas).** A station which is normally operated to take all or part of the base load of a system and which, consequently, operates essentially at a high load factor.

**Bbl/d.** Barrels per day.

**Bbls.** Barrels.

**Bender Process.** A continuous, fixed-bed chemical treating process, using a lead sulfide catalyst for sweetening light distillates. The process converts mercaptans to disulfides by oxidation.

**Benzene.** C<sub>6</sub>H<sub>6</sub>. A colorless liquid hydrocarbon, made from coal tar and by catalytic reforming of naphthenes. It is used in the manufacture of phenol, styrene, nylon, detergents, aniline, phthalic anhydride and other compounds; as a solvent; and as a component of high-octane gasoline.

**Benzin.** A refined light naphtha used for extraction purposes.

**Benzine.** An obsolete term for light petroleum distillates covering the gasoline and naphtha range.

**Bi-Gas.** A process for coal gasification being developed by the Office of Coal Research and the American Gas Association.

**Bitumen.** A general name for various solid and semisolid hydrocarbons; a native substance of dark color, comparatively hard and nonvolatile, composed principally of hydrocarbon.

**Bituminous Coal.** Soft coal; coal that is high in carbonaceous and volatile matter. When volatile matter is removed from bituminous coal by heating in the absence of air, the coal becomes coke.

**Blended Fuel Oil.** A mixture of residual and distillate fuel oils.

**Blending Naphtha.** A distillate used to thin heavy stocks to facilitate processing, e.g. to thin lubricating oil in dewaxing processes.

**Blending Stock.** Any of the stocks used to make commercial gasoline. These include: natural gasoline, straight-run gasoline, cracked gasoline, polymer gasoline, alkylate, and aromatics.

**Boiling Water Reactor (BWR).** A nuclear reactor in which water, used as both coolant and moderator, is allowed to boil in the reactor core. The resulting steam can be used directly to drive a turbine.

**B.M.** Bureau of Mines, U.S. Department of the Interior.

**Bottoming Cycle.** A means to increase the thermal efficiency of a steam electric generating system by converting some waste heat from the condenser into electricity rather than discharging all of it to the environment.

**Breeder Ratio.** The ratio of the number of fissionable atoms produced in a breeder reactor to the number of fissionable atoms consumed in the reactor.

**Breeder Reactor.** A nuclear reactor so designed that it converts more uranium-238 or thorium into useful nuclear fuel than the uranium-235 or plutonium which it uses. The new fissionable materials are created by capture in the fertile materials of neutrons from the fission process. There are three types of breeder reactors: the liquid metal, fast breeder (LMFBR); the gas cooled fast breeder (GCFBR); and the molten salt breeder (MSBR).

**Breeding Ratio.** The number of new fission atoms produced in a breeder reactor per fissionable atom consumed in the reactor.

**British Thermal Unit (BTU).** The quantity of heat necessary to raise the temperature of one pound of water one degree Fahrenheit. One Btu equals 252 calories, gram (mean), 778 foot-pounds, 1055 joules and 0.293 watt-hours.

**Btu.** British thermal units per hour. A measure of rate of heat.

**Bulk Plant.** A wholesale distributing unit for petroleum products, often having facilities on railroad sidings. It may have tank storage for light oils and a warehouse with storage for products sold in barrels and packages.

**Bulk Plants for LP Gas.** A distributing point with permanently installed pressure tanks and required accessory equipment for storing large volumes of liquid petroleum gas and, in dealers plants, withdrawing it for refilling bottles, delivery trucks and trailers; in consumer's plants, withdrawing it for vaporization and utilization.

**Bunker "C" Fuel Oil.** A heavy residual fuel oil used by ships, industry, and for large-scale heating installations. In industry it is often referred to as No. 6 fuel.

**Burn-UP (Nuclear).** A measure of the consumption of nuclear fuel in a nuclear reactor. Fuel burn-up may be expressed in terms of total energy extracted from the fuel during its stay in the reactor, in terms of percentage of the fuel consumed over that period. For the former, the units usually are megawatt-days of heat per metric ton. (MWD/tonne). One percent burn-up is about 9,000 MWD/tonne.

**Bureau of Mines (BoM).** A bureau of the Department of Interior established in 1910. The bureau "... conducts research and administers regulatory programs necessary for performance of the governmental function to stimulate the private sector toward the production of an appropriate and substantial share of the national mineral and fuel needs in a manner that best protects the public interest."

**Busbar.** An electrical conductor in the form of rigid bars located in a switchyard or power plants, serving as a common connection for two or more electrical circuits.

**By-products (Residuals).** Secondary products which have commercial value and are obtained from the processing of raw material. They may be the residues of the gas production process, such as coke, tar, and ammonia, or they may be the result of further processing of such residues, such as ammonium sulphate.

**By-product material (Nuclear).** Any artificial radioactive material obtained during the production or use of source material or fissionable material. It includes fission products and radioisotopes produced in nuclear reactors, but not radioactive materials occurring in nature or those made with accelerators such as cyclotrons.

**Caking Coal.** Coal which softens and agglomerates on heating and, after volatile matter has been driven off at high temperatures, produces a hard gray cellular mass of coke. All caking coals are not good coking coals.

**Calorie.** A unit of heat energy equal to the amount of heat that will raise the temperature of one gram of water 1 degree centigrade. (cal.) The calorie is used when temperature is measured on the Centigrade scale, while the British thermal unit is used when the measurement is on the Fahrenheit scale. One calorie equals  $3.97 \times 10^3$  Btu, 4.18 joules, and  $1.10 \times 10^3$  watt-hours. For energy issues, the usual term is the kilocalorie, or 1000 calories.

**Calorific Value.** The heat liberated by the combustion of a unit quantity of a fuel.

**Cash Bonus Payment.** A cash consideration paid by the lessee for the execution of an oil or gas lease by a landowner. The bonus is usually computed on a per acre basis.

**Catalytic Cracking.** The conversion of high-boiling hydrocarbons into lower boiling substances by means of a catalyst. Feedstocks may range from naphtha cuts to reduced crude oils.

**Catalytic Hydrogenation of Coal Tar.** A process being developed by the Bureau of Mines to convert sulfur-bearing coal into non-polluting fuel.

**Catalytic Reforming.** The rearranging of hydrocarbon molecules in a gasoline-boiling-range feedstock to produce other hydrocarbons having a higher antiknock quality.

**Ccf.** One hundred cubic feet. A unit of measure used for small amounts of natural gas.

**CEQ.** Council on Environmental Quality.

**Cf.** Cubic feet.

**Cfh.** Cubic feet per hour.

**Cfm.** Cubic feet per minute.

**Cfs.** Cubic feet per second.

**Chain Reaction.** A nuclear reaction that stimulates its own repetition. In a fission chain reaction, a fissionable nucleus absorbs

a neutron and fissions, releasing additional neutrons. These in turn can be absorbed by other fissionable nuclei, releasing still more neutrons. A fission chain reaction is self-sustaining when the number of neutrons released equals or exceeds the number of neutrons lost by absorption in nonfissionable material or by escape from the system.

**Char-oil Process (COED).** A process being developed by the Office of Coal Research for low-temperature distillation of coal carbonization products. The process is designed to produce clean liquids, gases and char for fuel, with the product balance depending upon economic factors.

**CO<sub>2</sub>-Acceptor Process.** A process being developed by the Office of Coal Research and the American Gas Association to gasify lignite. Commercial application could provide a clean synthetic gas, or low-sulfur solid fuel for power generation.

**Coal Alkylation.** A process being developed by the Bureau of Mines to convert sulfur-bearing coal into a non-polluting fuel.

**Coal Augering.** A surface mining method used when coal lies in high walls that were prepared for this operation or were left by stripping, or when the coal outcrops to the surface. The mining machines consist of large single and double augers which drill horizontally into the seams to extract the coal.

**Coal Classification Systems.** In all countries the basis for classification is content of volatile matter. Anthracite is 10% volatile; lean coal, semi-anthracite or dry-steam coal is 10-13% volatile; variously designed coal is 14-20% volatile; coking coal is 20-30% volatile.

**Coal Gas.** Manufactured gas made by distillation or carbonization of coal in a closed coal gas retort, coke oven, or other vessel.

**Coal Gasification.** The conversion of coal to a gas suitable for use as a fuel. Cf. Hygas, CO<sub>2</sub>-acceptor, Bi-gas, methanation, Lurgi ATGAS processes.

**Coal Liquefaction.** (Coal hydrogenation). The conversion of coal into liquid hydrocarbon and related compounds by hydrogenation. Three projects of the Office of Coal Research include the Consol pilot plant for low-sulfur liquid fuels, the FMC Corp.'s project COED, and the P&M Corp. pilot plant project for low-ash/low-sulfur solvent refined coal.

**Coal Oil.** Oil obtained by the destructive distillation of bituminous coal. An archaic term for kerosene made from petroleum.

**Coal Preparation.** A collective term for physical and mechanical processes applied to coal to make it suitable for a particular use.

**Coal Preparation Plant.** A plant for the cleaning and sizing of the raw coal before it is loaded into railway cars or trucks

**Coal Slurry Pipeline.** A pipeline which transports coal in pulverized form suspended in water.

**Coal Tar.** A gummy, black substance produced as a byproduct when bituminous coal is distilled.

**Coastwise Shipping.** Goods shipped from one U.S. port to another U.S. port along the same coastal region.

**COED.** An Office of Coal Research project for development of liquid fuel from coal char.

**Coke.** A porous, solid residue resulting from the incomplete combustion of coal heated in a closed chamber, or oven, with a limited supply of air. Coke is largely carbon and is a desirable fuel in certain metallurgical industries.

**Coking Coal.** The most important of the bituminous coals, which burns with a long yellow flame and creates an intense heat when properly attended.

**Combination Utility.** Utility which supplies both a gas and some other utility service (electricity, water, traction, etc.).

**Combined-cycle Plant.** A plant which utilizes waste heat from large gas turbines (driven by gases from combustion of hydrocarbon fuels) to generate steam for conventional steam turbines.

**Condensate.** Liquid hydrocarbon obtained by the combustion of a vapor or gas produced from oil or gas wells and ordinarily separated at a field separator and run as crude oil.

**Containment (Nuclear).** A gas-tight shell or other enclosure around a nuclear reactor to contain radioactive vapors and gases that might otherwise be released to the atmosphere in a reactor accident.

**Continental Shelf.** The extension of the continental land mass into the oceans, under relatively shallow seas, as opposed to the deeper basins.

**Conventional gas.** Natural gas as contrasted to synthetic gas.

**Conventional oil.** Crude oil and condensate as contrasted with synthetic oil from shale or coal.

**Conversion.** The chemical processing of uranium concentrates into uranium hexafluoride gas.

**Conversion factors.** The energy content of most fuels can vary depending on their source and composition. The following energy equivalents are among those commonly used.

**Coal:**

Anthracite = 25.4 million Btu/ton.

Bituminous = 26.2 million Btu/ton.

Sub-bituminous = 19.0 million Btu/ton.

Lignite = 13.4 million Btu/ton.

The average heating value of bituminous coal and lignite exported and used in electricity generation and in industry in 1969 in the United States was 24.7 million Btu/ton.

**Petroleum:**

Crude petroleum = 5.60 million Btu/bbl. (42 gal).

Residual Fuel Oil = 6.29 million Btu/bbl.

Distillate Fuel Oil = 5.83 million Btu/bbl.

Gasoline (including aviation) = 5.25 million Btu/bbl.

Jet Fuel (kerosene type) = 5.67 million Btu/bbl.

Jet Fuel (naphtha-type) = 5.36 million Btu/bbl.

Kerosene = 5.67 million Btu/bbl.

Asphalt and Road Oil = 6.64 million Btu/bbl.

**Natural Gas:**

Dry = 1031 Btu/cu. ft. at STP.

Wet = 1103 Btu/cu. ft. at STP.

Liquids (avg) = 4.1 million Btu/bbl.

**Fissionable Material** = 74 million Btu/gm U-235 fissioned.

**Converter Reactor.** A nuclear reactor that produces some fissionable materials from uranium-238 or thorium, but less than the nuclear material it consumes. Light water reactors and high temperature gas cooled reactors are converters.

**Coolant.** A substance circulated through a nuclear reactor to remove or transfer heat. Common coolants include water, air, carbon dioxide, helium and liquid sodium.

**Cooling pond.** An artificial pond used to receive and dissipate waste heat, usually from a steam-electric power plant. Approximately an acre of pond surface is needed per megawatt of electric output for a modern steam-electric power plant.

**Cooling Tower, Wet.** A unit or structure, usually built of wood, for the cooling of water by evaporation.

**Cooling Tower, Dry.** A unit or structure for cooling water by conduction and convection into the air, much as does the radiator of an automobile.

**Core.** The central part of a nuclear reactor which contains the nuclear fuel.

**Cps.** Cycles per second.

**Cracking.** Processing that breaks down and rearranges the molecular structure of hydrocarbon chains. In thermal cracking, high temperature and high pressure is applied; in catalytic cracking, temperature and pressure are applied in the presence of a catalyst.

**Cracking Plant.** An oil refinery.

**Cracking Still.** The combined equipment—furnace, reaction chamber, fractiona-

tor—for the thermal conversion of heavier charging stock to gasoline.

**Crude.** Oil in its natural state, before refining or processing.

**Crude Naphtha.** Light distillate made in the fractionation of crude oil.

**Crude Oil.** A mixture of hydrocarbons that existed in natural underground reservoirs. It is liquid at atmospheric pressure after passing through surface separating processes and does not include natural gas products. It includes the initial liquid hydrocarbons produced from tar sands, gilsonite, and oil shale.

**Cryogenics.** The study and production of very low temperatures and their associated phenomena.

**Cryogenic Techniques.** Techniques involving extremely low temperatures used to keep certain fuels in liquid form; i.e. liquefied hydrogen, methane, propane, etc. Cf. super conductivity.

**Cubic Foot (cu. ft.).** The most common unit of measurement of gas volume. It is the amount of gas required to fill a volume of one cubic foot under stated conditions of temperature, pressure, and water vapor. One cubic foot equals 28317.01 cubic centimeters; 1,728 cubic inches; 7.48 gallons (U.S.); and 28.31 liters. One cubic foot/second equals 1.98 acre-feet/day; 448.8 gallons/minute; and 0.646 million gallons/day.

**Cubic Foot.** Cubic Foot or feet.

**Cubic Meter.** A measure of volume in the metric system. One cubic meter equals 8.6 barrels (U.S., liquids); 35.8 cubic feet; 1.3 cubic yards; 264.1 gallons (U.S.); and 999.9 liters.

**Cubic Yard.** A measure of volume. One cubic yard equals 27 cubic feet and 0.76 cubic meters.

**Culm.** In anthracite terminology, the waste accumulation of coal, bone and rock from old dry breakers.

**Curie.** The unit for radioactive quantity. One curie equals  $3.7 \times 10^{10}$  nuclear transformations per second. Common fractions are:

Megacurie: One million curies (MCi)

Microcurie: One millionth of a curie.

Millicurie: One thousandth of a curie (mCi)

Nanocurie: One billionth of a curie (nCi)

Picocurie: One millionth of a microcurie (pCi)

**CUP.** Cascade Uprating Program.

**DC.** Direct Current.

**Dead-Weight Tons (DWT).** The total lifting capacity of a ship expressed in long tons (2,240 lbs.). For example, the oil tanker Universe Ireland is listed as 312,000 dwt. which means it can carry 312,000 tons of oil or about 1.9 million barrels.

**Decay, Radioactive.** The process whereby atoms of radioactive substances experience transformation into atoms of other elements with attendant emission of penetrating radiations (gamma rays) and some nuclear particles. Each radioactive substance has a unique decay rate which may range from a fraction of a second to hundreds of years or more.

**Decay Cooling.** The storage of irradiated fuel elements to allow for radioactive decay of short-lived radioisotopes prior to initiating fuel reprocessing.

**Decay Heat.** The heat produced by radioactive decay of radioactive fission products in a nuclear core.

**Decay Product.** A nuclide resulting from the radioactive disintegration of a radioisotope, formed either directly or as the result of successive transformations in a radioactive series. A decay product may be either radioactive or stable.

**Deep Mining.** The exploration of coal or mineral deposits at depths exceeding about 1,000 feet. Coal is usually deep mined at not more than 1,500 feet. Mineral mines are deeper.

**Degree Day, Cooling.** A measure of the need for air conditioning (cooling based on temperature and humidity.) Although cooling degree days are published for many weather stations, specific procedure has not been generally accepted.

**Degree Day, Heating.** A measure of the coldness of the weather experienced, based on the extent to which the daily mean temperature falls below a reference temperature, usually 65 degrees F.

**Deliverability.** The volume of gas a well, field, pipeline, or distribution system can supply in a given period of time. Also, the practical output from a storage reservoir.

**Demand.** The rate at which electric energy is delivered to or by a system or to a piece of equipment, expressed in kilowatts, kilovolt amperes, or other suitable unit at a given instant or average over any designated time. Likewise the rate at which natural gas or other fuel is delivered to a system.

**Demand, Average.** The demand on a system or any of its parts over an interval of time, determined by dividing the total energy supplied by the number of units of time in the interval.

**DENR.** The proposed Department of Energy and Natural Resources mentioned by the President in his energy message of April 18, 1972.

**Depleted Uranium.** Uranium having less uranium-235 atoms than found in nature, which is 0.71 percent. Depleted uranium is a by-product of the enrichment process.

**Depletion Allowance.** A tax allowance extended to the owner of exhaustible resources based on an estimate of the permanent reduction in value caused by the removal of the resource.

**Desulfurization.** The process by which sulfur and sulfur compounds are removed from gases or liquid hydrocarbon mixtures.

**Diesel Engine.** An internal-combustion engine drawing its power from the explosions of an air-oil mixture. Combustion is caused by heat from compressing the air-fuel mixture in a cylinder by a piston.

**Diesel Fuel.** Fuel used for internal combustion on diesel engines; usually that fraction which distills after kerosene; similar to gas oil.

**Direct Current (DC).** Electricity that flows continuously in one direction, as contrasted with alternating current.

**Direct Energy Conversion.** The generation of electricity from an energy source in a manner that does not include transference of energy to a working fluid. Direct conversion methods have no moving parts and usually produce direct current. Some methods include thermoelectric conversion, thermionic conversion and magnetohydrodynamic conversion.

**Distillate Fuel Oil.** Any fuel oil, gas oil, topped crude oil, or other petroleum oils, derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure from 550 degrees to 1,200 degrees F.

**Doubling Time.** In the long-term (multi-cycle) operation of a breeder reactor system, the time required to achieve a net doubling of the inventory of fissionable material present in the system, expressed in years. Doubling time depends on the breeding gain and the specific power at which the reactor operates.

**Drift.** Water lost from an evaporative cooling tower as liquid droplets are entrained in the exhaust air.

**Drift Mine.** A coal mine which is entered directly through a horizontal opening.

**Dry Cooling.** Cooling in which waste heat is dissipated directly to the atmosphere.

**Dry Hole.** A drilled well which does not yield gas and/or oil in quantities or condition to support commercial production.

**Efficiency, Thermal.** Relating to heat, a percentage indicating the available Btu input that is converted to useful purposes. It is applied, generally, to combustion equipment.  $E = \text{Btu output} / \text{Btu input}$

**EHV.** Extra-high voltage.

**Electrofluidic Coal Processing.** A system being developed by the Office of Coal Research to dissolve and hydrogassify coal. If successful it may provide a way to completely use coal fed to conversion processes and thus minimize environmental problems to waste products.

**Energy.** The capability of doing work. There are several forms of energy, including kinetic, potential, thermal, and electromagnetic. One form of energy may be changed to another, such as burning coal to produce steam to drive a turbine which produces electricity. Except for some hydroelectric and nuclear power, most of the world's energy comes from energy in the form of fossil fuels, which are burned to produce heat.

**Energy Messages.** Cf. The President's messages.

**Enriched Uranium.** Uranium in which the amount of uranium-235 present has been artificially increased above the 0.71 percent found in nature. Uranium enriched between 3 and 6 percent is a common fuel for civil nuclear power stations. Uranium enriched to 90 percent or more is used for nuclear propulsion of warships and submarines, and in atomic bombs.

**Enriching, (Gas).** Increasing the heat content of gas by mixing it with a gas of higher Btu content.

**Enrichment.** A process by which the proportion of the fissionable uranium isotope (U-235) is increased above the 0.7 percent contained in natural uranium.

**Enthalpy.** The heat content per unit mass, expressed in Btu per pound.

**Environmental Impact Statements.** The analytical statements that balance costs and benefits of a Federal decision. Required by the National Environmental Policy Act, sec. 102(2)(c).

**EPA.** Environmental Protection Agency. A Federal agency created in 1970 to permit coordinated and effective governmental action for protection of the environment by the systematic abatement and control of pollution through integration of research, monitoring, standard setting and enforcement activities.

**Exchange Gas.** Gas that is received from (or delivered to) another party in exchange for gas delivered to (or received from) such other party.

**Extraction Plant.** A plant in which a product, such as propane, butane, oil, or natural gasoline, which is initially component of the gas stream, is extracted or removed for sale.

**Farm Tractor Fuel.** Any petroleum product, exclusive of gasoline diesel fuel, and liquefied petroleum gas, which is used for the generation of power for the operation of farm implements.

**Fast Breeder Reactor.** A fast nuclear reactor that operates with neutrons at the fast speed of their initial emission from the fission process, and that produces more fissionable material than it consumes.

**Fast Reactor.** A nuclear reactor in which the fission chain reaction is sustained primarily by fast neutrons. Fast reactors contain no moderator and inherently require enriched fuel. They are of interest because of favorable neutron economy which makes them suitable for breeding.

**Fast Flux Testing Facility (FFTF).** A major AEC experimental facility still under construction. When completed, it will provide neutron exposure for breeder fuels comparable to those expected in commercial fast breeder reactors.

**Feed Materials (Nuclear).** Refined uranium or thorium metal or compounds suitable for use in fabricating reactor fuel elements or as feed to uranium enrichment facilities.

**Feedstock.** Crude oil or a fraction thereof to be charged to any process equipment.

**Fertile Material.** A material, not itself fissionable by thermal neutrons, which can be converted into a fissionable material by irradiation in a nuclear reactor. The two basic fertile materials are uranium-238 and thorium-232. When these fertile materials capture neutrons, they become fissionable plutonium-239 and uranium-233, respectively.

**FFT**. Fast Flux Testing Facility.

**Finished Products.** Petroleum oils, or a mixture or combination of such oils, or any component or components of such oils which are to be used without further processing.

**Fredamp.** A highly-explosive mixture of methane and air found in the seams of coal mines. It is frequently the cause of explosions in coal mines.

**Fireflooding.** A method to increase recovery of oil from existing fields. Cf. in situ combustion.

**Fission.** The splitting of a heavy nucleus into two approximately equal parts (which are radioactive nuclei of lighter elements), accompanied by the release of a relatively large amount of energy and generally one or more neutrons. Fission can occur spontaneously, but usually is caused by nuclear absorption of neutrons or other particles.

**Fission Products.** The nuclei formed by the fission of heavy elements, plus nuclides formed by the fission fragments radioactive decay. Fission products are intensely radioactive.

**Fissionable Material.** Any material fissionable by slow neutrons. The three basic ones are uranium-235, plutonium-239 and uranium-233.

**Flare Gas.** Unutilized natural gas burned in flares at an oil field; waste gas.

**Flue Gas.** Gas from the combustion of fuel, the heating value of which has been substantially spent and which is, therefore, discarded to the flue or stack.

**Fluidized Bed.** A fluidized bed results when a fluid, usually a gas, flows upward through a bed of suitably sized solid particles at a velocity high enough to buoy the particles, to overcome the influence of gravity, and to impart to them an appearance of great turbulence. Fluidized beds are used in the petroleum industry. The Office of Coal Research is developing a coal-fired fluidized bed boiler which would permit use of Western low sulfur coals without slagging, and use of high sulfur coals without causing unacceptable environmental effects.

**Fly Ash.** Fine solid particles on noncombustible ash carried out a chimney with waste gases.

**Fossil Fuel.** Any naturally occurring fuel of an organic nature, such as coal, crude oil and natural gas.

**Fuel.** Any substance that can be burned to produce heat. Sometimes includes materials that can be fissioned in a chain reaction to produce heat. The energy content of common fuels are as follows:

1 Barrel (Bbl.) of Crude Oil equals 5,800-000 Btu.

1 Cubic Foot (CF) of Natural Gas equals 1,032 Btu.

1 Ton of Coal equals 24,000,000 to 28,000,000 Btu.

Two trillion Btu's per year are about equal to 1,000 barrels of crude oil per day.

**Fuel Cell.** A device for combining fuel and oxygen in an electro-chemical reaction to generate electricity; chemical energy is converted directly into electrical energy without combustion.

**Fuel Energy Conversion Factors:**

**Coal:**

Anthracite (Penn.)—25.4 million Btu/ton.

Bituminous—26.2 million Btu/ton.

Sub-bituminous—19.0 million Btu/ton.

Lignite—13.4 million Btu/ton.

**Petroleum:**

Crude—5.6 million Btu/bbl.

Residual fuel oil—6.29 million Btu/bbl.

Distillate fuel oil—5.83 million Btu/bbl.

Gasoline—5.25 million Btu/bbl.

Jet fuel (kerosene-type)—5.67 Btu/bbl.

Kerosene—5.67 million Btu/bbl.

Petroleum coke—6.02 million Btu/bbl.

**Fuel cycle.** The series of steps involved in supplying fuel for nuclear power reactors.

It includes mining, refining of uranium, fabrication of fuel elements, their use in a nuclear reactor, chemical processing to recover remaining fissionable material, reenrichment of the fuel, refabrication into new fuel elements and waste storage.

**Fuel Depot.** A bulk storage installation composed of storage tanks and related facilities such as docks, loading racks, and pumping units.

**Fuel Element.** A rod tube plate or other shape or form into which nuclear fuel is fabricated for use in a reactor.

**Fuel Fabrication.** The manufacturing and assembly of reactor fuel elements containing fissionable and fertile nuclear material.

**Fuel Gas.** Synthetic gas used for heating or cooling. It has less energy content than pipeline quality gas. The Office of Coal Research is developing a process to produce clean, low-Btu fuel gas from coal. The product could be burned in nearby power plants, or could be a feed material for production of other synthetic fuels such as high Btu pipeline gas.

**Fuel Oil.** Any liquid or liquefiable petroleum product burned for the generation of heat in a furnace or firebox, or for the generation of power in an engine.

**Fuel Rate.** The amount of fuel needed to generate one kilowatt-hour of electricity. In 1969 the rates were 0.88 pounds of coal, average, in the United States electricity industry, 0.076 gallons of oil and 10.4 cubic feet of natural gas.

**Fuel Reprocessing.** The processing of reactor fuel to recover the unused, residual fissionable materials.

**Fusion.** The formation of a heavier nucleus from two lighter ones, such as hydrogen isotopes, with the attendant release of energy.

**Furnace Oil.** A distillate fuel primarily intended for use in domestic heating equipment.

**Gallon.** A unit of measure. A U.S. gallon contains 231 cu in., 0.133 cubic feet, or 3.785 liters. It is 0.83 times the imperial gallon. One U.S. gallon of water weighs 8.3 lb.

**Gas Cap.** A layer of gas on top of oil in an underground structure, or reservoir.

**Gas, Casinghead.** Unprocessed natural gas produced from a reservoir containing oil. Sometimes called Bradenhead Gas.

**Gas Centrifuge Process.** A method of enrichment in which heavier uranium atoms are partially separated from lighter ones by centrifugal force.

**Gas Cooled Fast Breeder Reactor (GCFR).** A fast breeder reactor which is cooled by a gas, usually helium, under pressure.

**Gas Cycling.** A petroleum recovery process which takes gas produced with oil and injects it back into the oil sand to aid in producing more oil.

**Gas, Dry.** Gas whose water content has been reduced by a dehydration process. Gas containing little or no hydrocarbons commercially recoverable as liquid product. Specified small quantities of liquids are permitted by varying statutory definitions in certain states.

**Gaseous Diffusion Process.** A method of enriching uranium based on the tendency of gas atoms or molecules of different masses to diffuse through a porous barrier, or membrane, at different rates.

**Gas, Illuminating.** A gas containing relatively large amounts of unsaturated and/or heavy hydrocarbon gases, which burn with a luminous flame.

**Gas Impurities.** Undesirable matter in gas, such as dust, excessive water vapor, hydrogen sulfide, tar and ammonia.

**Gas, Manufactured.** A gas obtained by destructive distillation of coal, or by the thermal decomposition of oil, or by the reaction of steam passing through a bed of heated coal or coke. Examples are coal gases, coke oven gases, producer gas, blast furnace gas, blue (water) gas, carbureted water gas. Btu content varies widely.

**Gas, Natural.** A naturally occurring mixture of hydrocarbon. Gases found in porous geologic formations beneath the earth's surface, often in association with petroleum. The principal constituent is methane.

**Associated.** Free natural gas in immediate contact, but not in solution, with crude oil in the reservoir.

**Dry. See Gas, Dry.**

**Liquefied (LNG).** A clear, flammable liquid both tasteless and odorless. Its normal temperature at atmospheric pressure is 259 degrees F. It remains a liquid at 116 degrees F. and 673 psia. Liquefied natural gas is almost pure methane. In volume it occupies 1/600 of the gas in vapor state.

**Non-Associated.** Free natural gas not in contact with, or dissolved in, crude oil in the reservoir.

**Sour.** Gas found in its natural state, containing such amount of compounds of sulfur as to make it impractical to use, without purifying, because of its corrosive effect on piping and equipment.

**Sweet.** Gas found in its natural state, containing such small amounts of compounds of sulfur that it can be used without purifying, with no deleterious effect on piping and equipment.

**Wet.** Wet natural gas is unprocessed natural gas or partially processed natural gas, produced from strata containing condensable hydrocarbons. The term is subject to varying legal definition as specified by certain state statutes.

**Gas, Oil.** A gas resulting from the thermal decomposition of petroleum oils, composed mainly of volatile hydrocarbons and hydrogen. The true heating value of oil gas may vary between 800 and 1,600 Btu per cubic foot depending on operating conditions and feedstock properties.

**Gasoline.** A refined petroleum distillate, including naphtha, jet fuel or other petroleum oils (but not isoprene or cumene having a purity of 50 percent or more by weight, or benzene which meets the ASTM distillation standards for nitration grade) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, and having a boiling range at atmospheric pressure from 80 degrees to 400 degrees F.

**Gas, Synthesis.** A mixture of CO and H<sub>2</sub> containing small amounts of nitrogen, some carbon dioxide, and various trace impurities prepared for petro-chemical synthesizing processes.

**Gas, Turbine.** A prime mover in which gas, under pressure or formed by combustion, is directed against a series of turbine blades; the energy in the expanding gas is converted into mechanical energy supplying power at the shaft.

**GCFR.** Gas Cooled Fast Breeder Reactor.

**Generation, Electric.** The process of transforming other forms of energy into electric energy.

**Geological Survey.** A bureau of the Department of the Interior established in 1879. The objectives of the Survey are to "perform surveys, investigations, and research covering topography, geology, and the mineral and water resources of the United States; classify land as to mineral character and water and power resources; enforce departmental regulations applicable to oil, gas, and other mining leases, permits, licenses, development contracts, and gas storage contracts; and

publish and disseminate data relative to the foregoing activities.

**Geothermal; Geothermic.** Of or relating to the heat of the earth's interior.

**Geothermal Gradient.** The change in temperature of the earth with depth, expressed either in degrees per unit depth, or in units of depth per degree. The mean rate of increase in temperature with depth in areas that are not adjacent to volcanic regions is about 1 degree F in about 55 feet, corresponding to about 100 degrees F per mile of depth.

**Geothermal Steam.** Steam drawn from deep within the earth. There are about 90 known places in the continental United States where geothermal steam could be harnessed for power. These are in California, Idaho, Nevada and Oregon.

**Gigawatt (GW).** 1,000,000 kilowatts, 1,000 megawatts.

**GPM.** Gallons per Minute.

**GPS.** Gallons per Second.

**Gross National Product (GNP).** The total market value of the goods and services produced by the Nation before the deduction of depreciation charges and other allowances for capital consumption, a widely used measure of economic activity.

**Half-Life, Radioactive.** Time required for a radioactive substance to lose 50% of its activity by decay. Each radionuclide has a unique half-life.

**Heating Value.** The amount of heat produced by the complete combustion of a unit quantity of fuel.

**Hertz.** Cycles per Second. U.S. electrical supply has a frequency of 60 Hertz.

**High Btu Oil-Gas Process.** A manufactured gas process in which is converted into a fuel gas having a higher heating value than that of coal gas or carbureted water gas. Often called Hi-Btu Gas Process.

**High Temperature Gas Cooled Reactor (HTGCR).** A promising approach to commercial nuclear power which would permit more efficient use of uranium and also some use of thorium in its fuel cycle. Also offers greater thermal efficiency than light water reactors.

**Holder, Gas.** A gas-tight receptacle or container in which gas is stored for future use. There are two general ways of storing gas: (1) at approximately constant pressure (low pressure containers) in which case the volume of the container changes, and (2) in containers of constant volume (usually high pressure containers) in which case the quantity of gas stored varies with the pressure.

**Holder, Storage.** A gas holder for storage of excess gas supply for use during times of excess demand.

**Hopper Car.** A railway car for coal, gravel, etc., shaped like a hopper, with an opening to discharge the contents.

**Horsepower (Hp).** A standard unit of power equal to 746 watts in the United States. One horsepower equals 2,545.08 Btu (mean) / hour, 550 foot-pounds/second.

**Horsepower, Boiler.** The equivalent evaporation of 34.5 lbs. of water per hour at 212 degrees F and above. This is equal to a heat output of 33,475 Btu per hour.

**Horsepower Hour.** One horsepower expended for one hour, or the horsepower multiplied by the number of hours. One horsepower hour equals 1,980,000 foot-pounds, 0.745 kilowatt-hours, 2,454 Btu (mean).

**Hp.** Horsepower.

**HTGCR.** High Temperature Gas Cooled Reactor.

**Hydraulic Fracturing.** A general term, for which there are numerous trade or service names, for the fracturing of rock in an oil or gas reservoir by pumping a fluid under high pressure into the well. The purpose is to produce artificial openings in the rock in order to increase permeability.

**Hydrocarbon Fuels.** Fuels that contain an organic chemical compound of hydrogen and carbon.

**Hydrocracking.** A process combining cracking or pyrolysis, with hydrogenation. Feedstocks can include crude oil, residue, petroleum tars, and asphalts.

**Hydroelectric Plant.** An electric power plant in which energy of falling water is converted into electricity by turning a turbine generator.

**Hydrofining.** A fixed-bed catalytic process to desulfurize and hydrogenate a wide range of charge shocks from gases through waxes.

**Hydroforming.** A process in which naphthas are passed over a catalyst at elevated temperatures and moderate pressures, in the presence of added hydrogen or hydrogen-contained gases, to form high-octane motor fuel or aromatics.

**Hydrotreating.** The removal of sulfur from low-octane gasoline feedstock by replacement with hydrogen.

**Hydrogen/Synthesis Gas.** A process being developed by the Office of Coal Research and the American Gas Association to produce either hydrogen or synthesis gas.

**Hygas.** A process being developed by the Office of Gas Research and the American Gas Association to produce pipeline quality gas by hydrogasification of coal. Development being done by the Institute of Gas Technology.

**IGT.** Institute of Gas Technology.

**Injection.** (Gas injection, water injection). Forcing gas or water into an oil well in order to increase pressure within the well to force oil to the surface.

**In Situ.** In the natural or original position; applied to a rock, soil or fossil when occurring in the situation in which it was originally formed or deposited.

**In-Situ Combination.** An experimental means of recovery of oil of low gravity and high viscosity which is unrecoverable by other methods. The oil is heated by igniting the oil sand and keeping the fire alive by air injection. The heat breaks the oil down to coke and lighter oils and the coke catches fire. As the combustion front advances, the light oils move ahead of the fire into the bore of a producing well. Also known as fireflooding.

**In-Situ Recovery.** Refers to methods to extract the fuel component of a deposit without removing the deposit from its bed.

**Intangible Drilling Costs.** Expense items that are written off in the year incurred for tax purposes.

**Ionized Gas.** A gas that is capable of carrying an electric current.

**JCAE.** Joint Committee on Atomic Energy.

**Joule.** A unit of energy or work which is equivalent to one watt per second or 0.737 foot-pounds.

**Kerosene.** Any jet fuel, diesel fuel, fuel oil or other petroleum oils derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure from 400 degrees to 550 degrees F.

**Kerosine.** A colorless mixture of hydrocarbons, obtained by the fractional distillation of petroleum and used as a fuel. It was once called coal oil because of its origin.

**Kilogram. (Kg).** The unit of weight in the metric system, equal to 1,000 grams or 2.2 lb.

**Kiloton (Kt).** A measure of explosive force which originated in the early nuclear weapons program. One kiloton represents the energy of  $10^{12}$  calories, or  $3.9 \times 10^9$  Btu., or  $4 \times 10^{12}$  joules.

**Kilovolt (kV).** 1,000 volts.

**Kilovoltampere (kVa).** An electrical term that indicates the energy in an alternating current circuit. It is the product of voltage and current.

**Kilowatt (kW).** 1,000 watts. A unit of power equal to 1,000 watts, or to energy consump-

tion at a rate of 1000 joules per second. It is usually used for electrical power. An electric motor rated at one horsepower uses electrical energy at a rate of about  $\frac{3}{4}$  kilowatt.

**Kilowatt-Hour (kWh).** A unit of work or energy equal to that expended by one kilowatt in one hour. It is equivalent to 3,413 Btu of heat energy.

**Kinetic Energy.** The energy of motion; the ability of an object to do work because of its motion.

**kV.** Kilovolt.

**kVa.** Kilovoltampere.

**Kt.** Kiloton.

**Light Oil.** Any of the products distilled or processed from crude oil up, but not including the first lubricating oil distillate.

**Light-Water Reactor (LWR).** Nuclear reactor in which water is the primary coolant/moderator with slightly enriched uranium fuel. There are two commercial light-water reactor types—the boiling water reactor (BWR) and the pressurized water reactor (PWR).

**Lignite.** A low grade coal of a variety intermediate between peat and bituminous coal.

**Liquefied Gases.** They include the following liquefied or liquefiable gases: ethane, propane, butane, ethylene, propylene, and butylenes. These are derived by refining or other processing of natural gas crude oil, or unfinished oils.

**Liquefied Natural Gas (LNG).** A clear flammable liquid both tasteless and odorless; almost pure methane.

**Liquefied Petroleum Gas (LPG).** A gas containing certain specific hydrocarbons which are gaseous under normal atmospheric conditions, but can be liquefied under moderate pressure at normal temperatures; principal examples are propane and butane.

**Liquid Metal Fast Breeder (LMFBR).** A nuclear breeder reactor cooled by molten sodium in which fission is caused by fast neutrons.

**Liquid Phase Methanation.** A process being developed by the Office of Coal Research and the American Gas Association to convert hydrogen and carbon monoxide to methane which can be used as a pipeline gas.

**Liquids, Natural Gas.** Liquid hydrocarbon mixtures which are gaseous at reservoir temperatures and pressures but are recoverable by condensation or absorption. Natural gasoline and liquefied petroleum gases fall in this category.

**Liter.** The primary standard of capacity in the metric system, equal to the volume of one kilogram of pure water at maximum density, at approximately 4 degrees C, and under normal atmospheric pressure. One liter = 0.264 gallons (U.S.), 1.05 quarts (U.S.) or 2.11 pints (U.S.).

**Lithium.** Element No. 3 (symbol Li; atomic weight 6.94). As found in nature, lithium consists of a mixture of two stable isotopes—lithium-6 (7.5%) and lithium-7 (92.4%). Lithium-6 is of interest as a possible fuel or source thereof for the generation of power from a controlled thermonuclear reaction.

**LNG.** Liquefied Natural Gas.

**Load.** The amount of power needed to be delivered at a given point on an electric system.

**Longwall Mining.** A method of working coal seams that originated in England in the 17th century. The seam is removed in one operation by means of a long working face, or wall. The workings advance (or retreat) in a continuous line. The space from which the coal has been removed is either allowed to collapse or is completely or partially filled or stowed with stone and debris. Longwall mining emphasizes economy of extracting the maximum amount of scarce reserves. In contrast the conventional American pillar and block approach emphasizes the bountiful nature of U.S. coal reserves.

**LNG.** Liquefied Petroleum Gas.

**Lubricating Oils.** Any lubricant containing more than 50 percent by volume of refined

petroleum distillates or specially treated petroleum residuum.

**Lurgi Process.** The only commercially available process for coal gasification. Having originated in Germany, this process has limited application in the United States because of problems of scaling up the size of operations and characteristics of U.S. coal. The Office of Coal Research and American Gas Association are jointly funding further development.

**LWR.** Light-water reactor.

**Magnetohydrodynamics (MHD).** A branch of physics that deals with magneto hydrodynamic phenomenon (of or relating to phenomena arising from the motion of electrically conducting fluids in the presence of electric and magnetic fields). In open-cycle MHD generators, the working fluid is exhausted to the atmosphere. In the closed-cycle MHD, the working fluid is continuously recirculated through a closed loop.

**Marketable Natural Gas.** Raw gas from which certain hydrocarbon and nonhydrocarbon compounds have been removed or partially removed by processing. Marketable natural gas is often referred to as pipeline gas; residue gas, or sales gas.

**Mcf.** One thousand cubic feet.

**Mcf/d.** One thousand cubic feet per day.

**Mcf/h.** One thousand cubic feet per hour.

**Margin.** The difference between the net system generating capability and system maximum load requirements including net schedule transfers with other systems.

**Megawatt (MW).** 1000 kilowatts, 1 million watts.

**Megawatt-Day Per Ton (Mwd/t).** A unit that expresses the burnup of nuclear fuel in a reactor; specifically the number of megawatt-days of heat output per metric ton of fuel in the reactor.

**Metallurgical Coal.** Coal with strong or moderately strong coking properties that contains no more than 8.0 percent ash and 1.25 percent sulfur, as mined or after conventional cleaning.

**Methane (CH<sub>4</sub>).** The lightest in the paraffinic series of hydrocarbons. It is colorless, odorless and flammable. It forms the major portion of marsh gas and natural gas.

**Methyl Alcohol (CH<sub>3</sub>OH).** A poisonous liquid, also known as methanol, which is the lowest member of the alcohol series. Also known as wood alcohol, since its principal source is the destructive distillation of wood.

**Metric Ton.** 1,000 kilograms, equal to 2,204.6 lbs.

**Middle Distillate.** One of the distillates obtained between kerosine and lubricating oil fractions in the refining process. These include light fuel oils and diesel fuel.

**Mine.** An opening or excavation in the earth for the purpose of extracting minerals; a pit or excavation in the earth from which metallic ores or other mineral substances are taken by digging.

**Mine-Mouth Plant.** A steam-electric plant or coal gasification plant built close to a coal mine and usually associated with delivery of output via transmission lines or pipelines over long distances as contrasted with plants located nearer load centers and at some distance from sources of fuel supply.

**Mmcf.** Million cubic feet.

**Molten-Iron Process.** A process being developed by the Office of Coal Research and the American Gas Association to gasify coal without causing a sulfur oxide pollution problem. It uses a molten-iron bath with air or oxygen. The product gases are essentially methane, carbon monoxide and hydrogen which with methanation can be made into pipeline-quality gas. It is said to be the only process suitable for gasifying any coal, including anthracite and lignite.

**Molten Salt Breeder Reactor (MSBR).** A breeder reactor in which the fuel would be in

the form of a molten salt of plutonium or uranium. It offers several technical advantages, but poses severe, unresolved engineering problems. The AEC's support for MSBR research terminated in June 1973.

**Mtce.** Million tons of coal equivalent. A comparative unit of energy content widely used in the oil industry. 1 Mtce = 4.48 million bbl oil = 25.19 trillion cubic feet natural gas.

**Multi-purpose Transmission Line.** Employment of a transmission line for more than one function, such as regular transmission, wheeling, reserve capacity, and peak capacity usage.

**Natural Gas.** Naturally occurring mixtures of hydrocarbon gases and vapors, the more important of which are methane, ethane, propane, butane, pentane, and hexane. The energy content of natural gas is usually taken as 1032 Btu/cu. ft.

**Natural Gas Liquids.** The hydrocarbon components: propane, butanes, and pentanes (also referred to as condensate), or a combination of them that are subject to recovery from raw gas liquids by processing in field separators, scrubbers, gas processing and reprocessing plants, or cycling plants. The propane and butane components are often referred to as liquefied petroleum gases or LPG.

**Natural Gas Products.** Liquids (under atmospheric conditions), including natural gasoline, which are recovered by process of absorption, adsorption, compression, refrigeration, cycling or a combination of such processes, from mixtures of hydrocarbon that existed in a reservoir.

**Natural Gasoline.** A mixture of liquid hydrocarbons extracted from natural gas and stabilized to obtain a liquid product suitable for blending with refinery gasoline.

**Natural Uranium.** Uranium as found in nature, containing 0.7% uranium-235, 99.3% of uranium-238 and a trace of uranium-234. It is also called normal uranium.

**Nitrogen Oxides (NO<sub>x</sub>).** A product of combustion of fossil fuels whose production increases with the temperature of the process. It can become an air pollutant if concentrations are excessive.

**Normal Uranium.** See natural uranium.

**Non-Associated Gas.** Free natural gas not in contact with, nor dissolved in, crude oil in the reservoir.

**Nuclear Fuel Cycle.** The various steps which involve the production, processing, use and reprocessing of nuclear fuels.

**Nuclear Power Plant.** Any device, machine, or assembly that converts nuclear energy into some form of useful power, such as mechanical or electrical power.

**Nuclear Reactor.** A device in which a fission chain reaction can be initiated, maintained, and controlled. Its essential component is a core, with fissionable fuel. It usually has a moderator, reflector, shielding coolant and control mechanisms. It is the basic machine of nuclear power.

**OAPEC.** Organization of Arab Petroleum Exporting Countries. It was founded in 1968 for cooperation in economic and petroleum affairs. Original members were Saudi Arabia, Kuwait, and Libya. In 1970, Abu Dhabi, Algeria, Bahrain, Dubai, and Qatar joined.

**OCS.** Outer continental shelf.

**Office of Coal Research (OCR).** A bureau of the Department of the Interior established in 1960 to develop new and more efficient methods of mining, preparing, and utilizing coal.

**Off Shore Windpower System (OWPS).** A proposed system to generate electricity by wind turbines mounted on off-shore platforms advocated by Professor W. E. Heronimus of the University of Massachusetts (Cf. Congressional Record, April 30, 1973, p. E2666, daily edition).

**OPEC.** Organization of Petroleum Exporting Countries. Founded in 1960 to unify and

coordinate petroleum policies of the members. The members and the date of membership are: Abu Dhabi (1967); Algeria (1969); Indonesia (1962); Iran (1960); Iraq (1960); Kuwait (1960); Libya (1962); Nigeria (1971); Qatar (1961); Saudi Arabia (1960); and Venezuela (1960). OPEC headquarters is in Vienna, Austria.

**Oil Shale.** A convenient expression used to cover a range of materials containing organic matter (Kerogen) which can be converted into crude shale oil, gas and carbonaceous residue by heating.

**Original Oil-In-Place.** The estimated number of barrels of crude oil in known reservoirs prior to any production, usually expressed as "stock tank" barrels or the volume that goes into a stock tank after the shrinkage that results when dissolved gas is separated from the oil.

**Outage.** The period in which a generating unit, transmission line or other facility, is out of service.

**Overburden.** Material of any nature, consolidated or unconsolidated, that overlies a deposit of useful materials, ores or coal, especially those deposits that are mined from the surface by open cuts.

**Particulate Matter.** Solid particles, such as ash, which are released from combustion process in exhaust gases at fossil-fuel plants.

**Petroleum.** An oily flammable bituminous liquid that may vary from almost colorless to black, occurs in many places in the upper strata of the earth, is a complex mixture of hydrocarbons with small amounts of other substances, and is prepared for use as gasoline, naphtha, or other products by various refining processes.

**Petroleum Naphtha.** A generic term applied to refined, partially refined or unrefined petroleum products and liquid products of natural gas. The naphthas used for specific purposes, such as cleaning, manufacture of rubber, paints, varnishes, etc., are made to have more volatility than that set by the limits of this definition.

**Petroleum Spirits.** A refined petroleum distillate with volatility, flash point, and other properties making it suitable as a thinner and solvent in paints, varnishes, and similar products.

**Petroleum Tar.** A vicious black or dark-brown product obtained in petroleum refining which will yield a substantial quantity of solid residue when partly evaporated or fractionally distilled.

**Pilot Plant.** A small-scale industrial process unit operated to test the application of a chemical or other manufacturing process under conditions that will yield information useful in the design and operation of full-scale manufacturing equipment. The pilot unit serves to disclose the special problems to be solved in adapting a successful laboratory method to commercial sized units.

**Plutonium.** A fissionable element that does not occur in nature but is obtained by exposure of U<sup>238</sup> to neutrons in a reactor.

**Ppm.** Parts per Million.

**Pressurized-Water Reactor.** A power reactor in which heat is transformed from the core to a heat exchanger by water kept under high pressure to prevent it from boiling. Steam is generated in a secondary circuit.

**Primary Fuel.** Fuel consumed in original production of energy as contrasted to a conversion of energy from one form to another.

**Probable Reserves.** A realistic assessment of the reserves that will be recovered from known oil or gas fields based on the estimated ultimate size and reservoir characteristics of such fields. Probable reserves include those reserves shown in the proved category.

**Proved Reserves.** The estimated quantity of crude oil, natural gas, natural gas liquids or sulfur which analysis or geological and engineering data demonstrates with reasonable certainty to be recoverable from known oil

or gas fields under existing economic and operating conditions.

*Psi.* Pounds per square inch.

*Psia.* Pound per square inch absolute. A measure of pressure that includes atmospheric pressure.

*Pumped Storage.* An arrangement whereby additional electric power may be generated during peak load periods by hydraulic means using water pumped into a storage reservoir during off-peak periods.

*Q Unit.* One quintillion Btu ( $1 \times 10^{18}$  Btu). A very large unit of energy.  $1Q = 38.46$  billion tons of coal, 172.4 billion barrels of oil, 968.9 trillion cu. ft. natural gas.

*Raw Gas.* Natural gas, in its natural state, existing in or produced from a field.

*Raw Materials.* Ores and crude concentrates of uranium and thorium.

*Recoverable Reserves.* Minerals expected to be recovered by present day techniques and under present economic conditions.

*Reduced Crude.* A residual product remaining after the removal, by distillation of other means, of an appreciable quantity of the more volatile components of crude oil.

*Refine.* To cleanse or purify by removing undesired components; to process a material to make it usable.

*Refinery.* A device (usually a tower) or process which heats crude oil so that it separates into chemical components, which are then distilled off as more usable substances. Simple structure components vaporize first. Typical crude fractions, from top to bottom or simple to complex, are: ether, methane, and ethane, (the gasolines); propane, and butane; kerosene, fuel oil, and lubricants; jelly paraffin, asphalt, and tar.

*Refinery Gas.* Any form or mixture of gas gathered in a refinery from the various stills.

*Refining.* The separation of crude oil into component parts, and the manufacture of products needed for the market. Import processes in refining are distillation, cracking, chemical treating and solvent extraction.

*Reforming.* The thermal or catalytic conversion of naphtha into more volatile products of higher octane number.

*Refrigeration Ton.* A unit of cooling capacity. In commercial usage, 12,000 Btu per hour or 200 Btu per minute of heat removal. Originally, the amount of heat required to melt a ton of ice in 24 hours.

*Remaining Reserves.* Those quantities of crude oil, natural gas, natural gas liquids and sulfur as estimated under proved or probable reserves after deducting those quantities produced up to the respective date of the estimate.

*Reprocessing.* Chemical recovery of unburned uranium and plutonium and certain fission products from spent fuel elements that have produced power in a nuclear reactor.

*Residual Fuel Oil.* Petroleum oil, which is any topped crude of viscous residuum of crude or unfinished oils or one or more of petroleum oils.

*Retort.* A vessel used for the distillation of volatile materials, as in the separation of some metals and the destructive distillation of coal; also a long semi-cylinder, now usually of fire clay or silica, for the manufacture of coal gas.

*Royalty Bidding.* Competitive bidding for leases in which the lease is offered to the company offering to pay the landowner the largest share of the proceeds of production, free of expenses of production.

*Rio Blanco.* Name of an AEC industry experiment to stimulate production of natural gas by use of multiple nuclear explosions and to test the economic feasibility of future utilization of nuclear stimulation of an entire gas field. The test was made on May 16, 1973, near Meeker, in Rio Blanco County, Colorado.

*Rulison.* Name of an AEC industry experiment to stimulate production of natural gas by use of a nuclear explosive to fracture impermeable rocks. Conducted in 1969.

*Scf.* Standard cubic feet.

*Scfd.* Standard cubic feet per day.

*Secondary Recovery.* Oil and gas obtained by the augmentation of reservoir energy; often by the injection of air, gas or water into a production formation.

*Separative Work.* A measure of the work required to separate  $U_{235}$  and  $U_{238}$  isotopes in the gaseous diffusion process; the basis of AEC enrichment charges.

*Solar Energy.* The energy transmitted from the sun, which is in the form of electromagnetic radiation. Although the Earth receives about one-half of one billionth of the total solar energy output, this amounts to about 420 trillion kilowatt-hours annually.

*Solar Furnace.* An optical device with large mirrors that focuses the rays from the sun upon a small focal point to produce very high temperatures.

*Solar Power.* Useful power derived from solar energy. Both steam and hot-air engines have been operated from solar energy. Large solar steam engines were built in California, Arizona and Egypt between 1900 and 1914. None of these engines have survived because of competition from the gasoline engine and electric motor.

*Solvent Refined Coal.* A process being developed by the Office of Coal Research to treat coal to remove ash, sulfur and other impurities. The end producer contains about 16,000 Btu per pound, has an ash content of 0.1 percent and a very low sulfur content of about 0.5 percent. The product is solid at room temperature, but can be liquefied by use of relatively low heat.

*Source Material.* As defined in the Atomic Energy Act of 1954, any material except special nuclear material, which contains 0.05% or more of uranium, thorium, or any combination of the two.

*SNG.* Synthetic gas.

*SO<sub>2</sub>.* Sulfur Dioxide.

*Special Nuclear Material.* As defined in the Atomic Energy Act of 1954, this term refers to plutonium-239, uranium-238, enriched uranium, or any material artificially enriched in any of these substances.

*Stack Gas Desulfurization.* Treating of stack gases to remove sulfur compounds.

*Steam-Electric Plant.* A plant in which the prime movers (turbines) connected to the generators are driven by steam.

*Steam-Iron Process.* A process being developed by the Office of Coal Research and the American Gas Institute to supply hydrogen for the HYGAS coal gasification process.

*Strip Mining.* The mining of coal by surface mining methods as distinguished from the mining of metalliferous ores by surface mining methods which is commonly designated as open pit mining.

*Stripper Well.* A nearly depleted well for which income barely exceeds expense.

*Stripping.* Removal of the lightest fractions from a mixture.

*Subsidence.* A sinking down of a part of the earth's crust. The lowering of the strata, including the surface, due to underground excavations, often coal mines.

*Super Tanker.* A very large oil tanker. The definition changes with advancing marine technology. In the late 1940s, 45,000 dwt tankers were considered super tankers; in the 1950s, 100,000 dwt was a super tanker; now common usage is 500,000 dwt, and still larger ships are planned.

*Surface Mining.* The obtaining of coal from the outcrops or by the removal of overburden from a seam of coal, as opposed to underground mining; or any mining at or near the surface. Also called strip mining;

placer mining; opencast; opencut mining; open-pit mining.

*Sweetening.* The process by which petroleum products are improved in odor and color by oxidizing or removing the sulfur-containing and unsaturated compounds.

*SWU.* Separative work-unit.

*Syncrude.* Synthetic crude oil derived from coal or oil shale.

*Syngas.* Synthetic gas (SNG).

*Synthane.* A coal gasification process being developed by the Bureau of Mines to produce pipeline quality gas.

*Tcf.* Trillion cubic feet. A unit of measure commonly used for natural gas.  $1 \text{ Tcf} = 39.3$  million tons of coal, 184 million bbl oil.

*Tar Sands.* Hydrocarbon bearing deposits distinguished from more conventional oil and gas reservoirs by the high viscosity of the hydrocarbon, which is not recoverable in its natural state through a well by ordinary oil production methods.

*Tertiary Recovery.* Use of heat and other methods other than fluid injection to augment oil recovery (presumably occurring after secondary recovery).

*Thermal Efficiency.* The ratio of the heat used to the total heat units in the fuel consumed.

*Thermal Pollution.* An increase in the temperature of water resulting from waste heat released by a thermal electric plant to the cooling water when the effects on other uses of the water are detrimental.

*Thermal Power Plant.* Any electric power plant which operates by generating heat and converting the heat to electricity.

*Thermal Reactor.* A nuclear reactor in which the fission process is propagated mainly by thermal neutron, i.e., by neutrons that have been slowed down until they are in thermal equilibrium with the atoms of the moderator.

*Thermionic Conversion.* A conversion device in which electrical energy is produced directly from heat energy. Theoretical efficiencies range from 15 to 33% with actual performance of 5 to 16%.

*Thermodynamics.* The science and study of the relationships between heat and mechanical work. First Law: Energy can neither be created nor destroyed. Second Law: Heat cannot pass from a colder to a warmer body without the additional expenditure of energy.

*Thermoelectric Conversion.* Conversion of heat energy into electricity based on the Seebeck effect in which a difference in temperature between junctions of a closed circuit comprised of two dissimilar metals produces an electric current.

*Thermonuclear Fusion.* Source of energy available from hydrogen isotopes in seawater.

*Thorium (TH).* A naturally radioactive element with atomic number 90 and, as found in nature, an atomic weight of approximately 232. The fertile thorium-232 isotope is abundant and can be transmitted to fissionable uranium-233 by neutron irradiation. (A naturally radioactive metal. One of its natural isotopes can be converted in nuclear reactors to a nuclear fuel.)

*Ton.* A unit of weight equal to 2,000 pounds in the United States, Canada and the Union of South Africa, and to 2,240 pounds in Great Britain. The American ton is often called the short ton, while the British ton is called the long ton. The metric ton, or 1,000 kilograms, equals 2,204.62 pounds. Depending upon specific gravity, a long ton or metric ton will equal from 6.5 to 8.5 barrels of oil.

*Topping.* The distillation of crude oil to remove light fractions only.

*Topping Cycle.* A means to increase thermal efficiency of a steam-electric power plant by increasing temperatures and interposing a device, such as a supercritical gas turbine, between the heat source and the conventional steam-turbine generator part of the

plant to convert some of the additional heat energy into electricity.

**Total Energy.** Use of packaged energy systems of high efficiency, utilizing gas-fired turbines or engines which produce electrical energy and utilize exhaust heat in application such as heating and cooling.

**UHV.** Ultra High Voltage Transmission.

**Ultimate Recoverable Reserves.** The total quantity of crude oil, natural gas, natural gas liquids or sulfur estimated to be ultimately producible from an oil or gas field as determined by an analysis of current engineering data. This includes any quantities already produced up to the respective date of the estimate.

**Ultra-High Voltage Transmission (UHC).** Transmission of electricity at voltages higher than 800 kV.

**Underground Coal Gasification.** The proposed process for producing synthetic gas from coal in natural, underground deposits. Western coal deposits 100 or more feet below the surface are the probable target for this technology.

**Unfinished Oils.** One or more petroleum oils or a mixture or combination of such oils, or any component or components of such oils which are to be further processed.

**Unitization.** Joining together of several separate leases into a single lease.

**Unit Train.** A system developed for delivering coal more efficiently in which a string of cars, with distinctive markings, and loaded to "full visible capacity," is operated without service frills or stops along the way for cars to be cut in and out. In this way, the customer receives his coal quickly and the empty car is scheduled back to the coal fields as fast as it came.

**Uranium (U).** A radioactive element with the atomic number 92 and, as found in natural ores, an average atomic weight of approximately 238. The two principal natural isotopes are uranium-235 (0.7 percent of natural uranium) which is fissionable (capable of being split and thereby releasing energy) and uranium-238 (99.3 percent of natural uranium) which is fertile (having the property of being convertible to a fissionable material). Natural uranium also includes a minute amount of uranium-234.

**USGS.** The United States Geological Survey.

**Volt.** A unit of electrical force equal to that amount of electromotive force that will cause a steady current of one ampere to flow through a resistance of one ohm.

**Voltage.** The amount of electromotive force, measured in volts, that exists between two points.

**Wagon Wheel.** An industrial experiment with nuclear explosives that would use sequential firing of several charges to

stimulate a natural gas field. The best proposed site is Sublette County, Wyoming.

**Wastes, Radioactive.** Equipment and materials, from nuclear operations, which are radioactive and for which there is no further use. Wastes are generally classified as high-level (having radioactivity concentrations of hundreds to thousands of curies per gallon or cubic foot), low level (in the range of 1 microcurie per gallon or cubic foot), or intermediate.

**Waterflooding.** A secondary-recovery operation for oil fields in which water is injected into a petroleum reservoir to bring more oil to the surface.

**Water Gas.** A mixture of gases produced by forcing steam through a very hot coke or coal. It is a mixture of carbon monoxide and hydrogen with small amounts of nitrogen and carbon dioxide and is sometimes used as a fuel for heating and cooking.

**Watt.** The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second.

**Watt-Hour.** The total amount of energy used in one hour by a device that uses one watt of power for continuous operation. Electrical energy is commonly sold by the kilowatt hour (1,000 watt-hours).

**Well Head.** Oil or gas brought to the surface, ready for transportation to refinery or ship or pipeline. Well head costs usually refer to the cost to bring the oil or gas to the surface and do not include costs of transportation, refining, distribution, or profit.

**Wheeling.** Transmission of electricity by a utility over its lines for another utility; also includes the receipt from and delivery to another system of like amounts but not necessarily the same energy.

**Wild Cat.** A well drilled in an area which has not produced gas or oil previously; usually exploratory, and often without geophysical investigation. On the average, one of nine or ten wildcat wells strike oil or gas deposits.

**WL.** Working Level.

**WLM.** Working Level Month.

[Source 47]

**WHAT IS A BTU?**

A BTU is the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit. The BTU is a very small unit of measurement and when one adds up large quantities of energy, one must count in large multiples of the BTU. Thus, the energy balance tables in this report are expressed in trillions ( $10^{12}$ ) and quadrillions ( $10^{15}$ ) of BTU's.

The BTU equivalents of common fuels are as follows:

**Fuel and common measures:**

**BTU's**

Crude Oil—Barrel (Bbl.) ..... 5,800,000  
Natural Gas—Cubic foot (CF) ..... 1,032  
Coal—Ton ..... 24,000,000 to 28,000,000  
Electricity—Kilowatt hour (KWH) ..... 3,412  
Two trillion BTU's per year are approximately equal to 1,000 barrels per day of crude oil.

[Source 47]

**LIST OF ABBREVIATIONS**

AEC—Atomic Energy Commission.  
AGA—American Gas Association.  
API—American Petroleum Institute.  
BWR—boiling water reactor.  
CPA—Canadian Petroleum Association.  
CRG—Catalytic Rich Gas (process).  
DCF—discounted cash flow.  
DWT—deadweight ton.  
ECCS—emergency core cooling system.  
EPA—Environmental Protection Agency.  
FBR—fast breeder reactor.  
FPC—Federal Power Commission.  
FRB—Federal Reserve Board Index of Industrial Production.  
GNP—gross national product.  
H<sub>2</sub>S—hydrogen sulfide.  
HTGR—high-temperature gas-cooled reactor.  
ICOP—Imported Crude Oil Processing.  
KWH—kilowatt hour.  
LNG—liquefied natural gas.  
LPG—liquefied petroleum gas.  
LWR—light-water reactor.  
MB/D—thousand barrels per day.  
MCF—thousand cubic feet.  
MHD—magnetohydrodynamics.  
MMB/D—million barrels per day.  
MMCF—million cubic feet.  
MRG—Methane Rich Gas (process).  
MTU—metric tons uranium.  
MW—megawatt.  
MWe—megawatt electrical generating capacity.  
NEB—National Energy Board (Canadian).  
NGL—natural gas liquids.  
NO<sub>x</sub>—nitrogen oxides.  
OCS—Outer Continental Shelf.  
OIP—oil-in-place.  
OPEC—Organization of Petroleum Exporting Countries.  
PAD—Petroleum Administration for Defense.

PGC—Potential Gas Committee.  
Pu—plutonium.  
PWR—pressurized water reactor.  
R/P—reserves/production (ratio).  
SNG—substitute natural gas.  
SO<sub>2</sub>—sulfur dioxide.  
SRI—Stanford Research Institute.  
SWU—separative work units.  
TCF—trillion cubic feet.  
TVA—Tennessee Valley Authority.  
USGS—U.S. Geological Survey.  
VLCC—very large crude carriers.

(SOURCE 4)

APPROXIMATE CONVERSION FACTORS FOR CRUDE OIL<sup>1</sup>

From—	Into—						
	Metric tons	Long tons	Short tons	Barrels	Kiloliters (cubic meters)	1,000 gallons (Imperial)	1,000 gallons (U.S.)
Multiply by—							
Metric tons	1	0.984	1.102	7.33	1.16	0.256	0.308
Long tons	1.016	1	1.120	7.45	1.18	.261	.313
Short tons	.907	.893	1	6.55	1.05	.233	.279
Barrels	.136	.134	.150	1	.159	.035	.042
Kiloliters (cubic meters)	.863	.849	.951	6.29	1	.220	.264
1,000 gallons (Imperial)	3.91	3.83	4.29	28.6	4.55	1	1.201
1,000 gallons (U.S.)	3.25	3.19	3.58	23.8	3.79	.833	1

<sup>1</sup> Based on world average (excluding natural gas liquids).

## CONVERSION FACTORS

To convert—	From—			
	Barrels to metric tons	Metric tons to barrels	Barrels per day to tons per year	Tons per year to barrels per day
Multiply by—				
Crude oil <sup>1</sup>	0.136	7.33	49.8	0.0201
Gasoline	.118	8.45	43.2	.0232
Kerosene	.128	7.80	46.8	.0214
Diesel fuel	.133	7.50	48.7	.0205
Fuel oil	.149	6.70	54.5	.0184

<sup>1</sup> Based on world average gravity (excluding natural gas liquids).

## APPROXIMATE CALORIFIC EQUIVALENTS

One million tons of oil equals approximately—

Heat Units: 41 million million BTUs, 415 million therms, 10,500 Teracalories.

Solid Fuels: 1.5 million tons of coal, 4.9 million tons of lignite, 3.3 million tons of peat.

Natural Gas (1 cu. ft equals 1,000 BTUs) 1 cu. metre equals 9,000 Kcals): 1,167 thousand million cu. meters, 41.2 thousand million cu. ft., 113 million cu. ft./day for a year.

Manufactured Gas (1 cu. ft. equals 470 BTUs) (1 cu. meter equals 4,200 Kcals): 2.5 thousand million cu. meters, 88.3 thousand million cu. ft., 242 million cu. ft./day for a year.

Electricity (1 Kwh equals 3,412 BTUs) (1 Kwh equals 860 Kcals): 12 thousand million Kwh.

Heat units and other fuels expressed in terms of million tons of oil

Million tons of oil

10 million million BTUs approximates to	0.24
100 million therms approximates to	.24
10,000 Teracalories approximates to	.95
1 million tons of coal approximates to	.67
1 million tons of lignite approximates to	.20
1 million tons of peat approximates to	.30
1 thousand million cu. meters approximates to	.86
10 thousand million cu. ft. approximates to	.24
100 million cu. ft./day for a year approximates to	.88
1 thousand million cu. meters approximates to	.40
10 thousand million cu. ft. approximates to	.11
100 million cu. ft./day for a year approximates to	.41
10 thousand million Kwh approximates to	.82

One million tons of oil produces about 4,000 millions units (Kwh) of electricity in a modern power station.

It is my understanding that the CRS is currently preparing a series of more detailed evaluations which will be available to Congress shortly. I would like to commend the CRS staff for a job well done and I look forward to reviewing the studies that are now in progress.

Mr. President, I ask unanimous consent that the Congressional Research Service "Overview of the Budget" be printed in the RECORD.

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

## OVERVIEW OF THE BUDGET

The Federal Budget is one of the most important statements of public policies produced by the Executive Branch of the Government each year. It details how much is estimated to be spent in the current fiscal year and projects the amount to be requested for approximately 1,175 programs that range from small amounts (in study commissions) to many billions of dollars in the large beneficiary and procurement programs. However, the overall size of the federal budget in and of itself has both political and economic significance.

## THE 1974 BUDGET

## 1974 expenditures

The Administration now estimates that fiscal 1974 expenditures will total \$274.7 billion, an increase of \$6 billion over the amount requested a year ago as can be seen in Table I.1. This includes requested supplements of \$10.4 billion (\$3.6 billion for pay increases and \$6.8 billion for other programs). This increase in total expenditures result primarily from increased outlays for interest (\$3.1 billion), for military and civilian pay increase (\$1.5 billion), for social security and veterans benefits (\$2.6 billion), and medicare and medicaid expenses (\$0.7 billion). These increases were partially offset by increased sales of offshore oil leases, materials out of stockpile, and reduced farm supports.

TABLE I.1—ESTIMATED RECEIPTS AND EXPENDITURES FISCAL YEARS 1974, 1975, AND 1976

[In billions of dollars]

	1974			1975			1976		
	Original estimate	Current estimate	Original estimate <sup>1</sup>	Current estimate	Current estimate	Current estimate <sup>1</sup>	Original estimate	Current estimate	Current estimate <sup>1</sup>
Receipts.....	256.0	270.0	290	295.0	339				
Expenditures.....	268.7	274.7	288	304.4	329				
Deficit/surplus.....	-12.7	-4.7	2	-9.4	1.0				

<sup>1</sup> Full employment estimate.

Source: Budget of U.S. Government, fiscal years 1974 and 1975.

## 1974 receipts

The most dramatic change in the 1974 estimates is the sharp increase in revenues from \$256 billion estimated a year ago to \$270 billion currently. This sharp increase in ex-

pected revenues reflects not only the more rapid growth rate in total output but also much greater inflation than anticipated a year ago. Inflation immediately and significantly affects federal receipts because of the withholding system on wages for both income and social security taxes and quarterly payments on estimated liabilities by corporations and individuals. Inflation will also affect expenditures, but its impact is not as immediate because increases in prices are passed on as increased benefits, pay, and cost of goods purchased usually with a delay.<sup>1</sup> The full effect of the 1973 inflation is reflected in the receipts but relatively little of it in the expenditures. Thus, the inflation is primarily responsible for the reduction in the \$12.7 deficit anticipated a year ago to the \$4.7 billion deficit expected now.

## THE 1975 BUDGET

Expenditures requested for fiscal 1975 total \$304.4 billion, \$29.8 billion above 1974 and \$16.4 billion above the preliminary estimate of \$288 billion presented in last year's budget. The major increases over 1974 estimates are shown in Table I.2 for both outlays and authority.

## Effect of inflation on expenditures

Although different programs respond to inflation in different ways and with different time lags, the change in some of the major inflation indices for calendar 1973 are shown below for comparison to the percentage increases shown in both outlays and authority shown in Table I.2.

[In percent]

Consumer price index (CPI).....	8.8
CPI excluding food.....	5.6
Wholesale price index (WPI).....	18.2
WPI excluding farm products.....	14.8

In a world of rising prices, holding a program level in dollar terms is equivalent to a reduction in actual activity. By comparing the percentage increase in each function to the increases in the summary price statistics, a rough impression of how much of the increases are the result of inflation, can be obtained.

TABLE I.2—ESTIMATED INCREASE IN FISCAL 1975 OUTLAYS AND AUTHORITY BY FUNCTION

[Dollar amounts in billions]

	Outlays increases over fiscal year 1974		Authority increases over fiscal year 1974	
	Amount	Percent	Amount	Percent
National defense.....	7.2	8.9	6.9	7.8
International affairs and finance.....	.2	5.6	-.6	-12.1
Space research and technology.....	.1	3.0	.2	6.8
Agriculture and rural development.....	-1.3	-32.4	.8	11.4
Natural resources and environment <sup>1</sup> .....	1.5	20.7	-3.7	-38.0
Offshore oil receipts.....	.9	12.4	.9	12.4
Commerce and transportation.....	-.1	-.9	-8.4	-36.6
Community development and housing.....	.2	4.0	1.4	28.8

## CRS REVIEWS THE 1975 BUDGET

Mr. HUMPHREY. Mr. President, I would like to direct my colleagues' attention to a recent overview study of the 1975 budget. This study was prepared by the Economics Division of the Congressional Research Service at the request of the Senate Appropriations Committee. The CRS, with the agreement of the Appropriations Committee, has made the study available to all Members of Congress.

Although this overview study was prepared in a short period of time, I believe it is a concise and impartial analysis of the 1975 budget and one that will be very useful to all Members of Congress.

	Outlays increases over fiscal year 1974		Authority increases over fiscal year 1974	
	Amount	Percent	Amount	Percent
Education and manpower	0.7	6.6	-2.3	-16.6
Health	3.0	13.0	1.9	7.1
Income security	15.1	17.7	11.0	11.8
Veterans	1.3	2.5	0.3	2.1
Interest	1.4	4.9	1.4	4.9
General government	(2)	4	0.4	6.3
General revenue sharing	1.3	4	0.2	2.5
Allowances	1.3	(2)	1.8	(2)
Undistributed intragovernmental	-	-8	-7.6	-7.6
Total	29.8	10.8	11.3	3.6

<sup>1</sup> Excludes all offsetting receipts, mainly from offshore oil.

<sup>2</sup> Less than \$50,000,000.

<sup>3</sup> Not computed.

TABLE I.3.—RELATIVE SIZE AND COMPOSITION OF FEDERAL EXPENDITURES, UNIFIED BUDGET BASIS

[Dollar amounts in billions]

	Fiscal years—				
	1955	1960	1965	1970	1975
Total Federal outlays	\$68.5	\$92.2	\$118.4	\$196.6	\$304.4
Defense	40.2	45.9	49.6	80.3	87.7
Income support <sup>1</sup>	10.1	19.9	27.3	51.1	107.8
Grants-in-aid	3.3	7.0	10.9	24.0	51.7
Other civilian	14.8	19.3	30.6	41.2	57.2
Addendum: Direct expenditures <sup>2</sup>	65.2	85.2	107.5	172.6	252.7
As percent of GNP					
Total Federal outlays	18.1	18.6	18.1	20.6	20.9
Defense	10.6	9.4	7.6	8.4	6.0
Income support <sup>1</sup>	2.7	4.0	4.2	5.4	7.4
Grants-in-aid	.9	1.4	1.7	2.5	3.6
Other civilian	3.9	3.9	4.7	4.3	3.9
Addendum: Direct expenditures <sup>2</sup>	17.2	17.2	16.4	18.1	17.4
As a percent of total outlays					
Total Federal outlays	100.0	100.0	100.0	100.0	100.0
Defense	58.7	49.8	41.9	40.8	28.8
Income support <sup>1</sup>	14.8	21.6	23.1	26.0	35.4
Grants-in-aid	4.8	7.6	9.2	12.2	17.0
Other civilian	21.6	21.0	25.9	21.0	18.8

<sup>1</sup> Includes social security, Federal civilian retirement, medicare, food stamps, veteran compensation and pensions and unemployment insurance, but not welfare for AFDC which is a grant-in-aid. Thus it differs from the functional classification used in the budget.

<sup>2</sup> Total expenditures less grants-in-aid.

<sup>3</sup> Based on an estimated GNP of \$1,455,000,000,000 for fiscal year 1973.

Source: Budget of U.S. Government.

#### Relative size of the budget

The 1975 federal expenditures are equal to 20.9 percent of total output or gross national product (GNP), see Table I.3. As a percentage of gross national product, federal expenditures were relatively stable from the mid-1950's to the mid-1960's. During the Vietnam War, total expenditures rose from 18- to 19-percent of GNP to 20-to-21 percent and have not declined to previous level with the cessation of our direct involvement. Direct federal expenditures, that is total outlays less grant-in-aid to State and local governments, are lower and more stable than total expenditures. However, the composition of federal expenditures has changed markedly over the past twenty years.

TABLE I.4.—FEDERAL, STATE, AND LOCAL EXPENDITURES, DIRECT AND INTERGOVERNMENTAL, AS A PERCENTAGE, OF GROSS NATIONAL PRODUCT

[Selected fiscal years 1955-70]

	1955	1960	1965	1970	1975
All levels	28.3	28.9	30.8	34.0	(1)
Federal, total	19.0	19.5	19.5	21.4	0.9
Grants-in-aid to State and local governments	.8	1.4	1.7	2.4	3.6
Direct	18.1	18.1	17.9	19.0	17.4
Defense	10.6	9.3	7.6	8.4	6.0
Other civilian	7.5	8.8	10.3	10.6	11.4
State, total	4.9	5.9	6.6	9.5	(1)
Grants to local governments	1.6	1.9	2.2	3.0	(1)
Direct	3.3	4.0	4.5	5.4	(1)
Local, direct	6.9	7.8	8.4	9.6	(1)

<sup>1</sup> Not available.

Source: Setting National Priorities the 1974 budget, Brookings Institution, p. 8.

**Defense** (including AEC and military assistance)—has declined from 10.6 percent of GNP and 58.7 percent of total outlays in fiscal 1955 to 6.0 percent of GNP and 28.8 percent of total outlays in fiscal 1975.

**Income support transfers**—mainly social security, but including veterans compensation and pensions, unemployment benefits, and other retirement programs, have risen from less than three percent of GNP and 14.8 percent of outlays in fiscal 1955 to 7.4 percent of GNP and 35.4 percent of outlays in 1975. Income support transfers will have risen from \$51.1 billion in fiscal 1970 to \$107.8 billion in fiscal 1975, reflecting primarily the large annual across-the-board increases in social security benefits of 10 percent in 1971, 20 percent in 1972, and 11 percent in 1974. In addition, the disabled, under social security, are entitled to Medicare benefits; starting January 1, 1974 the aged, blind, and disabled welfare recipients receive benefits directly from the Federal Government and the disabled coal miners now receive special benefits.

The other rapidly growing types of federal expenditures are the **grants-in-aid** to state and local governments which cover a multitude of programs. The sharp rise in grants between 1970 and 1975 reflects not only the introduction of general revenue sharing in fiscal 1973 but also of the expansion of welfare, medicaid and water pollution control grants. Total grants have risen from \$24.0 billion in fiscal 1970 to \$51.7 billion in fiscal 1975.

#### Summary of the budget outlays

The 1975 budget reflects a continuation of policies begun in the 1974 budget. An increase in defense spending to cover not only increases in pay and prices but also to expand real defense expenditures is recommended. In contrast to last year's program, new money is requested for energy research and development but funds for water pollution control are still impounded. Special revenue sharing is again requested to replace many existing social programs. No funding is requested for the programs being replaced by the special revenue sharing. Finally, the beneficiary programs, such as social security, continue to display the largest increases in outlays.

**National Defense**—The 1975 defense budget calls for total obligational authority of \$92.6 billion, including military assistance but excluding AEC's funding for nuclear weapons. This is an increase of \$12.4 billion over the \$80.2 billion appropriated to date for 1974. However, the Administration is

also requesting \$6.2 billion in supplemental funds for 1974. Of this amount, \$3.4 billion is for increases in pay and retirement benefits, most of which was included in the original 1974 budget (although no request was made for appropriations). The balance of \$2.8 billion is justified by DOD as needed to improve the readiness of U.S. forces in the aftermath of the Middle East War, and to replace weapons and equipment given as emergency assistance to Israel. Readiness measures would include improving U.S. airlift capacity, stepping up production and procurement of certain weapons systems which prove to be particularly successful in combat, and expediting force modernization of both general purpose and strategic forces, including a proposal to step up the production rate of the TRIDENT submarine. This portion of the supplemental, which was not anticipated in last year's presentation of the 1974 budget, represents an increase in real resources devoted to defense.

In the budget documents, the Administration arrives at a "baseline" figure for 1974 by treating the entire \$6.2 billion supplemental as though Congress had already appropriated the money. Thus, the budget indicates TOA for 1974 of \$87.1 billion although the amount actually appropriated to date is less by almost \$7 billion. The following table illustrates this difference, showing funds (TOA) actually appropriated to date and the amounts added to the 1974 baseline in the budget but not yet appropriated by Congress:

	Amounts in millions of dollars
Defense appropriation (P.L. 93-238)	74,218
Military construction (P.L. 93-194)	2,659
Emergency military aid (P.L. 93-240)	3,125
Civil defense and Navy petroleum resources (P.L. 93-97 and P.L. 93-235)	154
Total Appropriated	80,156

Additions shown in budget for 1974 baseline:

Supplemental Request	6,233
Other	716
Total	87,105

Taken as a whole, the 1974 supplemental and the 1975 budget represents a sharp accentuation of trends that have been apparent for the last few years in that the rising costs of personnel and equipment still account for a substantial part of the \$12.4 billion increase requested, probably as much as half of that amount.

However, at least three new elements have entered the picture and have had some effect on the proposed defense budget:

The Middle East War, as mentioned above, has led to a series of proposals for augmenting force readiness;

An apparent hardening of the U.S. position vis-a-vis the Soviet Union has become apparent in recent months, with the United States now declaring a need for strategic weapons which would provide the option of striking "hard" targets, such as ICBM sites, in the Soviet Union. This is perhaps the most controversial aspect of the defense budget; it is being interpreted by some analysts as destabilizing to the strategic balance and is likely to provoke extensive debate.

The worsening state of the economy has apparently led to a reversal of policy in that the number of civilian jobs in DOD would be sharply increased under the stimulus of the 1974 supplemental appropriation. Whereas such positions had been gradually dropping since 1968 (despite the fact that civilians were to some extent replacing military

personnel), and in 1973 had fallen to 998,000, we now have a proposed increase of 31,000 Civil Service positions in 1974. Of these 19,000 would derive from the supplemental appropriations. In FY 1975 the level would remain virtually unchanged.

These developments appear to have contributed to sizable increases in almost every sector of the defense budget.

**Energy and the Environment.**—The new budget authority requested for energy R&D reflects the dramatic energy-related events of the past year. In terms of anticipated outlays, energy R&D would increase to \$1.8 billion in fiscal 1975 from a level of \$1.0 billion the previous year. These additional funds would, for the most part, accelerate the Government's fast breeder nuclear reactor program. Larger R&D dollar amounts also are slated for such non-nuclear alternatives as coal gasification and solar and geothermal energy. This expanded energy R&D spending raises several important policy issues:

If the Administration's goal of self-sufficiency in energy supply by the early 1980's is a realistic one in terms of the nation's overall goals and resources available to meet these goals?

Does the emphasis on nuclear energy reflect the proper balance between nuclear and non-nuclear programs? Might we not put more emphasis on non-nuclear environmentally non-controversial programs?

The anticipated increased reliance on nuclear power to meet our energy needs raises certain environmental as well as safety questions. To what extent will environmental standards need to be relaxed to meet energy goals? And what health and welfare effects will this have?

No new budget authority has been requested in fiscal 1975 for pollution control and abatement. However, there is unused budget authority of \$9 billion from prior years. Spending in this area, in fact, is anticipated to be considerably below authorized levels because of the Administration's continued impoundment of funds intended to assist the States in the construction of water waste treatment facilities. Total impoundments are equal to unused authority. This impoundment is currently being challenged in Federal court. If the Administration succeeds in the withholding of these funds, as well as water pollution control impoundment from previous years, it raises a serious question as to whether the States will be able to meet the water quality deadlines imposed by the Federal Water Pollution Control Act of 1972.

Outlays for pollution control and pollution abatement continue to rise, however. Outlays will exceed \$5 billion (estimated) for fiscal year 1975, up from \$3.7 billion in FY 1974 and \$1.9 billion in FY 1973. Most of these funds, \$4 billion, will be expended by the Environmental Protection Agency. Of these funds, nearly \$3.5 billion will be sewage plant construction grants.

**Social Programs.**—The 1975 budget proposes a total of \$151.5 billion for the *human resource programs*—income security, health, education, manpower and veterans, an increase of 14 percent over 1974. Outlays for housing and community development are budgeted at \$5.6 billion in 1975, an increase of 11 percent over 1974. Uncontrollable programs such as the social security and unemployment trust funds, welfare payments and food stamps account for \$131.9 billion of the \$151.5 billion total. The Congress will have to address the following types of major issues concerning these uncontrollable programs. . . .

Because the impact of inflation and unemployment may be understated in the budget, large supplemental appropriations for food stamps, veterans, and welfare payments may be required next winter.

Continuing high rates of inflation may

bring the Congress under pressure to raise social security benefit levels in advance of the first automatic increase (June 1975). The same type of pressure may be felt in regard to benefit increases for needy aged, blind, and disabled persons.

The budget includes \$19.6 billion for the controllable human resource programs, e.g. health resources and research, education and special programs for the aged and disabled.

The following types of major issues will confront the Congress concerning these controllable programs. . . .

Many programs in health, education, and housing have been substantially reduced or eliminated. In the aggregate, for example, new budget authority for the social programs drops by \$2 billion between 1974 and 1975.

Given rapid and continuing cost increases, activities that are held level, or even slightly increased, will experience an actual decrease in program level. The increases requested for NIH cancer and heart research, for example, are less than cost of living increases and the remaining institutes lose ground by being held level.

**Increase in Beneficiary Programs.**—Part of the program increases, other than to compensate for price increases, are the result of increased work load. This is particularly the case in the beneficiary programs such as unemployment compensation, social security, public assistance, and veterans. The estimated increase in the number of beneficiaries of these types of programs in fiscal 1975 is shown in Table I.5.

Social security benefits (including health insurance) are expected to grow by \$11 billion or by 17 percent. This growth reflects not only the 4.9 percent increase for OASI and 15 percent increase in the number of disability beneficiaries, but also the 11 percent across the board increase in the amount of individual benefits. The 11 percent across the board has added approximately \$7 billion to 1975 outlays. Not only are the number of beneficiaries receiving payments from Disability Insurance expected to rise rapidly but so are the number of people receiving payments from the new Supplementary Security Income that replaced welfare for aged, blind and disabled. The number of persons receiving unemployment benefits is projected to rise by 13 percent in fiscal 1974 but by only 1.8 percent in fiscal 1975. In contrast, the increase in the number of beneficiaries of the program of aid to families with dependent families (AFDC) is quite modest (2.7 percent in both years). The low rate of increase in these programs is surprising in light of the projected rise in the unemployment rate to 5.5 percent. Both unemployment insurance and welfare are sensitive to changes in the unemployment rate.

TABLE I.5.—INCREASE IN RECIPIENTS IN MAJOR BENEFICIARY PROGRAMS, FISCAL YEAR 1975

	Change from 1974		
	Number of recipients (thousands)	Number of people (thousands)	Percentage increase
Old-age and survivors insurance	27,600	1,300	4.9
Disability insurance	2,300	300	15.0
Military retirement	1,045	61	6.2
Civil service retirement	1,431	65	4.8
Railroad retirement	922	17	1.9
Disabled coal miners	533	36	7.2
Veterans	4,912	-32	-7
Unemployment	6,593	116	1.8
Supplementary security income <sup>1</sup>	4,793	741	18.3
Public assistance (AFDC) <sup>2</sup>	11,361	295	2.7
Medicare <sup>3</sup>	17,800	800	4.7
Medicaid <sup>4</sup>	28,566	1,379	5.1
Food stamps	15,800	1,600	11.3

<sup>1</sup> Public assistance for aged, blind, and disabled.

<sup>2</sup> Public assistance for families with dependent children.

<sup>3</sup> Number of bills paid.

#### 1975 Federal receipts and deficit

Total receipts for fiscal 1975 are estimated at \$295.0 billion. Compared with the \$304.4 billion of expenditures, this results in an estimated deficit of \$9.4 billion for fiscal 1975. Included in the receipts estimate is \$10.1 billion from raising the ceiling on wages subject to social security taxes to \$10,800 in calendar 1973, to \$13,200 in 1974, and to \$14,100 in 1975. The social security tax rate will have been increased either by raising the tax rate or the ceiling on wages subject to tax in all but one of the years between 1968 and 1975. Before 1968 the combined tax rate was 7.25 percent on the \$4,800 of wages.<sup>5</sup> In 1966 the rate was raised to 8.4 percent on the first \$6,600 of wages. In 1975, legislation already in effect will levy an 11.7 percent combined rate on the first \$14,100 of wages. Because of the almost annual increase in the effective social security tax rate and the periodic reduction in effective income tax rates, many taxpayers pay more social security tax than income tax.<sup>6</sup>

#### Composition of Federal receipts

Moreover, these changes have shifted the composition of federal receipts markedly, as shown in Table I.6. Corporate profits taxes have declined from 27.3 percent of federal revenues and 4.7 percent of GNP in fiscal 1955 to 15.3 percent of revenues and 3.1 percent of GNP in 1975.<sup>7</sup> Excise taxes have also declined, both as a percent of GNP and total revenues. In contrast, social security taxes have increased sharply.

#### Proposed oil tax

Included in the \$295 billion of receipts estimated for 1975 is the \$3 billion (\$1 billion in fiscal 1974) from the proposed "excess profits" tax. Traditionally an excess profits tax has been a tax on corporate profits in excess of some base amounts, usually an average of several past years. This traditional type of excess profits tax presented numerous administrative difficulties, but its basic economic purpose was the reasonably straightforward one of preventing total profits from grossly exceeding the amount necessary to cause goods or services to be produced. Support for this type of tax during World War II reflected the widespread political consensus in this country that profits grossly in excess of necessary amounts were an inequitable transfer of income from consumer to producer.

The proposed tax on crude petroleum is related to the number of barrels produced and the price charged. It will affect the profits of petroleum producers only indirectly through its effect on demand for petroleum products. It is not designed to hold profits to any particular rate or amount.

TABLE I.6.—RELATIVE SIZE AND COMPOSITION OF FEDERAL REVENUES, UNIFIED BUDGET BASIS

	Fiscal years—				
	1955	1960	1965	1970	1975
Total receipts	\$65.5	\$92.5	\$116.8	\$193.7	\$295.0
Individual income	28.7	40.7	48.8	90.4	129.0
Corporate profits	17.9	21.5	25.5	32.8	45.0
Social security and other retirement taxes <sup>8</sup>	7.9	14.7	22.3	45.3	85.6
Excise taxes	9.1	11.7	14.6	15.7	17.4
Other <sup>9</sup>	1.9	3.9	5.8	9.5	15.1
Oil tax					3.0
	As percent of GNP				
Total receipts	17.3	18.7	17.9	20.3	* 20.3
Individual income	7.6	8.2	7.5	9.5	8.9
Corporate profits	4.7	4.3	3.9	3.4	3.1

Footnotes at end of article.

TABLE I.6.—RELATIVE SIZE AND COMPOSITION OF FEDERAL REVENUES, UNIFIED BUDGET BASIS—Continued

[Dollar amounts in billions]

	Fiscal years—				
	1955	1960	1965	1970	1975
Social security taxes <sup>1</sup>	1.9	3.0	3.4	4.8	5.9
Excise taxes	2.4	2.4	2.2	1.6	1.2
Other <sup>2</sup>	.5	.8	.9	1.0	1.0
Oil tax					.2
As percent of total receipts					
Total receipts	100.0	100.0	100.0	100.0	100.0
Individual income	43.9	44.0	41.8	46.7	43.7
Corporate profits	27.3	23.2	21.8	16.9	15.3
Social security tax <sup>1</sup>	12.0	15.9	19.1	23.4	29.0
Excise taxes	13.9	12.6	12.5	8.1	5.9
Other <sup>2</sup>	2.8	4.2	4.9	4.9	5.1
Oil tax					1.0

<sup>1</sup> Includes old-age, survivors, disability, and health taxes, unemployment and railroad retirement taxes, supplementary medical insurance, and civil service retirement.

<sup>2</sup> Includes all Federal excises, including highway trust fund receipts.

<sup>3</sup> Based on an estimated fiscal year 1975 GNP of \$1,455,000,000.

<sup>4</sup> Includes estate and gift taxes, customs, and miscellaneous receipts.

The oil tax proposed by the Administration would be levied initially on that part of the per-barrel price of crude petroleum exceeding \$4.75 per barrel. The price segments

on which the tax would be levied break down as follows:<sup>4</sup>

	Tax (percent)	Cents
1st, \$4.75	(1)	
Next, \$0.25	10	2.5
Next, \$0.35	20	7.0
Next, \$0.60	30	18.0
Next, \$0.80	50	40.0
Any remainder	85	

The revenue from such a tax is estimated to equal \$3 billion. This implies an average price of between \$7 and \$7.65 per barrel of crude oil. Thus, if the price of crude oil rose to \$6.75, 67½ cents per barrel would be collected; 85 percent of any further increase in the price would be collected as tax. At the \$5.25 per barrel price recently approved by the Cost-of-Living Council, only 7½ cents per barrel would be collected. This controlled price applies to roughly 75 to 80 percent of domestic production. If a 7½-cent tax were collected on 75-80 percent of the approximately 3.5 billion barrels of crude oil produced annually in the United States and, say, a 50-cent tax collected on the other 20-25 percent, which sells at a higher uncontrolled price, receipts from the tax would be \$500 to \$600 million. However, Secretary Shultz has estimated that the tax would produce \$3 to \$5 billion during the first full year it was in effect. Over a 3-year period, the tax schedules proposed by the Adminis-

tration would be gradually adjusted upward to a point at which no tax would be collected except on that part of the price of crude oil in excess of \$7.00 per barrel. The \$7.00 a barrel is what energy experts reportedly believe necessary to make development of alternate sources of oil—particularly oil from shale—feasible.<sup>5</sup>

Other forms of taxation to reduce oil consumption have been discussed. It has been estimated that a 40 cent per gallon tax on gasoline for personal auto use would reduce gasoline consumption by 20 percent, the amount originally estimated to be needed to cope with the energy crisis. From a budgetary point-of-view, such a tax would raise very large amounts of money. A 40 cent tax could raise between \$20 and \$22 billion of revenue. In light of the economic outlook, discussed below, such an increase in federal revenues would have severe economic consequences, unless some means is found of returning those revenues to the spending stream.

#### ECONOMIC OUTLOOK

*Economic Developments in 1973.* The rate of growth in economic activity during calendar 1973 started with an increase in real output of which totaled 8.6 percent (at annual rates) in the first quarter. Total output (real GNP) slowed rapidly thereafter as can be seen in line 4 of Table I.7. This slowdown in real growth is also reflected in the declining rates of growth in the industrial production index (line 5) and in the number of new housing starts (line 6).

TABLE I.7—MAJOR ECONOMIC INDICATORS FOR CALENDAR 1973

[Dollar amounts in billions; rates in percent]

	Calendar quarters					Calendar quarters			
	I	II	III	IV		I	II	III	IV
1. Gross national product	\$1,242.5	\$1,272.0	\$1,304.5	\$1,334.0	8. Unemployment rate (seasonally adjusted)	5.0	4.9	4.8	4.7
2. Rate of change (annualized)	15.2	9.8	10.6	9.4	9. Wholesale Price Index (1967=100; seasonally adjusted)	128.8	133.4	139.2	142.8
3. Real gross national product	\$829.3	\$834.3	\$841.3	\$844.1	10. Rate of change <sup>1</sup> (annualized)	17.4	22.7	18.8	10.7
4. Rate of change (annualized)	8.6	2.4	3.4	1.3	11. Consumer Price Index (1967=100; seasonally adjusted)	128.8	133.5	134.4	137.6
5. Industrial production (1967=100; seasonally adjusted)	123.1	124.9	126.7	127.0	12. Rate of change <sup>1</sup> (annualized)	6.1	8.4	9.1	9.9
6. Rate of change <sup>1</sup> (annualized)	10.1	5.9	5.8	1.1	13. 3-mo Treasury Bill rate	5.6	6.6	8.4	7.5
7. Housing starts (millions of units; seasonally adjusted annual rate)	2,404	2,221	2,030	1,566					

<sup>1</sup> Calculated from end of quarter to end of quarter from monthly data.

The slowing in real output was accompanied by accelerating inflation as can be seen from the rapid advance in the wholesale price index (lines 9 and 10) and the consumer price index (lines 11 and 12). During the first three quarters of 1973, both price indices were reflecting the spiraling prices of farm and food products. Unfortunately, just as the farm and food prices began to level off and even decline for some items, petroleum prices began to rise rapidly. In the last quarter of the year, prices of primary or basic materials also began to rise rapidly, due to capacity limitations and much of those price increases have yet to feed through to the consumer level.

In an attempt to contain the burst of inflation and to reduce the very rapid rate of real growth in the first quarter, monetary policy was tightened raising the interest rates paid on 3-month Treasury bills from an average of 5.6 percent in the first quarter of 1973 to an average of 8.4 percent in the third. The FHA new home mortgage rate rose from an average 7.56 percent in the first quarter to 9.00 percent in the fourth quarter and is primarily responsible for the decline in housing starts.

Consequently, as 1973 drew to a close most of the private forecasters were predicting a "growth recession" for calendar 1974.<sup>6</sup> A growth recession is one where the rate of increase in real output is greater than zero

but less than the 4 percent needed to absorb the normal expansion of the labor force.<sup>7</sup> In other words, if real output grows by less than 4 percent a year, unemployment rises. Most forecasters were predicting between a 2 and 3 percent rate of real growth for calendar 1974 and a 4 to 5 percent rate of increase in prices before the oil crisis hit.

#### Impact of the oil crisis

With the oil crisis, most of the major econometric<sup>10</sup> forecasters revised their estimates of real growth downward to 0 to 1 percent and their forecasts of price inflation upward to 7 to 8 percent. With the oil crisis now causing less interruption in production than originally anticipated, expectations about the rate of real growth are now being revised upward, but projections of the rate of price inflation have not improved.

The price of gasoline rose by 18.6 percent in calendar 1973 and the prices of fuel oil and coal rose by 44.7 percent. It has been estimated that these price increases will increase domestic oil company profits by approximately \$18 billion per year and total oil profits (worldwide) by several times that amount.<sup>11</sup> These price increases are comparable to a tax increase, regardless of who gets them (U.S. government, oil producing countries, or the oil companies). It is comparable to a tax increase because it reduces overall consumer demand not just the demand for petroleum products. In other words, American consumers will have \$18 billion less to

spend on goods and services, other than petroleum products. Moreover, citizens of other nations are experiencing reductions in purchasing power also which may affect demand for our exports. This reduction in consumer purchasing power is potentially as disruptive to economic activity as the supply restrictions are to production.

Presumably, the increase in oil profits will make it possible to undertake increased exploration and investment in alternate fuel sources. Even if the oil companies were willing to increase their investment expenditures by the full amount of the increase in profits, it is doubtful whether the entire amount could be spent for investment in the coming year. The increase in the prices for petroleum products could result in an increase in investment relative to consumption in the long run. In the short run, it may simply reduce aggregate demand and add further to recessionary pressures.

*The Official Forecast.* The revenue estimates reflect the administration's projection of economic activity for the period covered by the 1975 budget. The economic assumptions underlying the revenue estimates are shown in Table I.8. The official forecast of \$1,390 billion for GNP assumes 1 percent rate of real growth and 7 percent rate of price increases, essentially the same as the private forecasters. Thus, the estimates are somber, although neither real growth nor the rate of inflation is forecast with great assurance. For comparison, estimates for calendar year 1974

Footnotes at end of article.

of several of the major econometric models are shown in Table I.9. The major variation is in the estimates for corporate profits before tax. These differences of opinion are quite important because of the high tax rate on corporate profits. The difference between the lowest (Michigan) and the highest (Perry) can make a \$5 billion difference in revenue.

However, all the forecasts are substantially below the total output that could be achieved if the economy were operating at full employment. Consequently, federal revenues based on the projections of a slowdown in the economy are substantially below what they would be if the economy were operating at full-employment.

TABLE I.8.—ECONOMIC ASSUMPTIONS

	Calendar years		
	1972 actual	1973 estimate	1974 estimate
Billions of dollars			
Gross national product (GNP)	1,155.2	1,288.2	1,390
Personal income	939.2	1,035.5	1,135
Corporate profits before tax	98.0	126.5	124
Percent change			
Rate of change:			
Gross national product	9.5	11.5	7.9
Personal income	8.8	10.3	9.6
Corporate profits before tax	15.2	29.1	-2.0
Real GNP	6.1	5.9	1.0
Price deflator	3.2	5.3	7.0
Unemployment rate (actual percent) (not rate of change)	5.6	4.9	5.5

Source: 1974 Report of the Council of Economic Advisers.

TABLE I.9.—COMPARISON OF ECONOMIC FORECASTS FOR CALENDAR 1974

[In billions of dollars]

	GNP	Personal income	Corporate profits before tax
Administration's estimate	1390.0	1135.0	124.0
Wharton (Dec. 21 1973)	1390.2	1134.8	118.3
Michigan	1391.3	1134.9	115.8
Data resources (Eckstein)	1387.2	1125.9	120.4
Fair model (Princeton)	1399.0	(1)	(1)
Perry (Brookings) <sup>1</sup> (Dec. 26 1973)	1391.7	(1)	132.0
Full employment	1461.7	1155.0	140.2

<sup>1</sup> Not available.

<sup>2</sup> Assumes very high oil company profits.

#### Countercyclical fiscal action

Fluctuations in the economy affect both budget receipts and budget expenditures. A economic slowdown such as is possible for this year, severely reduces federal receipts. For example, total receipts for fiscal 1971 were originally estimated to total \$202 billion. Actual receipts collected during the year came to \$184 billion, reflecting the recession of 1970 and 1971 that was not taken in account when the original estimates were made.

Attempts to balance the budget at a reduced level of receipts due to an economic slowdown can result in a very restrictive fiscal policy. For example, in fiscal 1960, the budget was balanced to receipts flowing from an economy not recovered from the 1958 recession. The restraint exercised on the 1960 outlays has been widely credited with being the major cause of the 1961 recession.

On the expenditure side, there are certain beneficiary programs whose outlays are en-

larged during periods of rising unemployment and are held down during periods of declining unemployment. These programs are countercyclical in the sense that they help to stimulate the economy and to restrain it at a time of high activity. Partly for this reason, outlays in fiscal 1973 were \$3.3 billion below the January 1973 estimate. Of that amount nearly \$705 million resulted from lower unemployment benefits, \$800 million from lower expenditures on welfare and welfare related programs, and \$300 million from lower than anticipated expenditures in the social security trust funds. By contrast, a recession will increase federal expenditures for unemployment benefits as well as for welfare payments and food stamps.

*Automatic stabilizers.* The concept of counter-cyclical fiscal policy is composed of two parts. The reduction in receipts and increase in expenditures associated with a recession (and vice versa for a boom) are referred to as the *automatic stabilizers*. The deficit created by the budget will automatically provide additional stimulus during a recession by putting more money into the economy than was taken out. The surpluses generated (supposedly) during a boom will create restraint.

*Discretionary Fiscal Policy.* The second aspect of fiscal policy is called *discretionary action*. This consists of *deliberate* action to stimulate or restrain the economy. The tax cuts of 1964–1965 and the surcharge of 1968–1970 are examples on the revenue side. Accelerated public works in 1962–1965 and public service employment in 1971–1972 are examples on the expenditure side.

In order to separate the impact of the economy on the budget from the effect of the budget on the economy, the "potential" or "full employment" concept of the measuring the budget was developed. The full employment budget asks the following questions:

What would federal revenues be if the economy were growing at some steady pace of real growth instead of the fluctuating rates associated with the business cycle?

What would federal expenditures be if the expenditures caused by the business cycle were removed?

It is an attempt to develop a neutral yardstick against which the actual budget can be measured. Full-employment is supposed to describe an economy whose resources (not just merely labor) are producing at the highest sustainable rate without causing inflation. However, it has become traditional to define full employment in terms of labor force utilization.<sup>12</sup>

One of the uses of full-employment estimates is to measure the amount of automatic stabilization in Federal budgets. For example, if the economy were operating at full employment, Federal revenues would equal approximately \$311 billion in fiscal 1975 instead of the \$295 billion forecast in the budget. Thus, it is possible to obtain some idea of the magnitude of the loss of receipts due to the prospective recession. It, thus, provides a measure for the automatic stabilization being applied.

Discretionary fiscal policy actions generate increases or decreases in the full-employment estimates of receipts, expenditures, and surplus or deficit. Thus, a measure is obtained as to the direction and degree of changes in discretionary fiscal policy that would be obscured if we were to try to evaluate the actual deficit or surplus.

*Setting Preliminary Budget Ceilings.*—In recent years, the full-employment calculation has been officially adopted by the Administration to serve still a third purpose. Once we move away from balancing the budget to expected receipts, some new criterion is necessary to measure total expenditures against. The 1972 Budget (presented in

January, 1971) makes full employment receipts the official maximum for expenditures.

"At times the economic situation permits—even calls for—a budget deficit. There is one basic guideline for the budget, however, which we should never violate: except in emergency conditions, expenditures must never be allowed to outrun the revenues that the tax system would produce at reasonable full employment. When the Federal government's spending actions over an extended period push outlays sharply higher, increased tax rates or inflation inevitably follow.

The principle of holding outlays to revenues at full employment serves three necessary purposes:

It imposes the discipline of an upper limit on spending, a discipline that is essential because the upward pressures on outlays are relentless.

It permits Federal tax and spending programs to be planned and conducted in an orderly manner consistent with steady growth in the economy's productive capacity.

It helps achieve economic stability by automatically imposing restraint during periods of boom and providing stimulus during periods of slack."<sup>13</sup>

There is nothing magical about a balanced full employment budget. There is no economic theory that says a balanced full employment budget is the correct fiscal policy. If there were a severe recession or depression, a deficit, even measured at full employment, might be appropriate. If the economy is overheated, a full employment surplus is appropriate. However, to accept the idea of balancing at full employment can reduce controversy and gives a first estimate of a ceiling to use in the development of budget policy.

#### Calculating full-employment revenues

The assumptions used in calculating full-employment revenues are extremely important. Potential (or full employment) gross national product is calculated by applying the 4 percent rate of real growth to real GNP from the second quarter of 1969 onward which is the last time the economy experienced essentially full employment. The Council of Economic Advisers this year revised the estimated rate of potential GNP growth since 1969 downward from 4.3 percent per annum to 4.0 percent because of lower than anticipated productivity. This revision in the rate of growth of potential GNP reduces the estimated potential GNP and the estimated full employment revenues.

The calculated potential real GNP is converted to current dollar GNP by using the inflation index associated with actual GNP. Thus, the potential GNP from which full employment revenues are derived is very sensitive to the rate of inflation.

This is best illustrated by what has happened to estimated full-employment revenues for fiscal 1975. In the 1974 budget, 1975 full-employment revenues were estimated at \$290 billion. They are currently estimated at \$311 billion, assuming 4 percent unemployment. The \$290 billion estimate assumed that the rate of inflation would have declined to about 3½ percent per annum. The \$311 billion estimate for fiscal 1975 not only applies the 5.3 rate of inflation (GNP basis) of 1973 but the 7 percent rate forecast for calendar year 1974.

#### Evaluating the full-employment surplus

Table I.10 shows actual receipts and expenditures and full employment receipts and expenditures for fiscal years 1970–1975. Comparison of actual to full-employment receipts reveals that the receipts are reduced by about \$5 billion for each one-half of one percentage point increase in the unemployment rate within the range that unemployment has fluctuated in recent years.

Footnotes at end of article.

TABLE 1.10.—ACTUAL AND FULL-EMPLOYMENT FEDERAL RECEIPTS, EXPENDITURES, DEFICITS AND SURPLUSES UNIFIED BUDGET BASIS

[In billions of dollars]

Fiscal years	Actual					
	1970	1971	1972	1973	1974	1975
Receipts.....	193.7	188.4	208.6	232.2	270.0	295.0
Expenditures.....	196.6	211.4	231.9	246.5	274.7	304.4
Deficit/surplus....	-2.8	-23.0	-23.2	-14.3	-4.7	-9.4
Full-employment						
Receipts.....	199.2	214.1	229.0	242.5	278.0	311.0
Expenditures.....	196.6	209.2	228.9	245.0	274.0	303.0
Deficit/surplus....	2.6	4.9	.1	-2.5	4.0	8.0
Unemployment rate.....	4.9	6.0	5.6	4.9	(?)	(?)

<sup>1</sup> Includes the effect of overwithholding.<sup>2</sup> Not available.

Looking at full employment surplus as a measure of *discretionary* fiscal policy, it is apparent that policy became more restrictive in fiscal 1971, then turned to expansionary in 1972 and 1973. By 1974, policy had become a restrictive one as the full employment budget returned to a position of surplus. Fiscal policy for fiscal 1975 is planned to continue to exercise restraint on the economy. However, the Administration has indicated a willingness to modify this policy, if the economy turns out to be weaker than anticipated.

#### *Is this appropriate fiscal policy?*

Policy makers are faced with an economic dilemma that has not occurred before. On one hand, the general level of economic activity is expected to grow slowly at best, and certainly not fast enough to absorb the expanding labor force. If this were the only economic problem, an expansionary fiscal policy would clearly be in order. The economy is also faced with the prospects not only of continuing inflation but possibly accelerating inflation as the large increase in the wholesale price index works through the economy and raises retail prices. However excess total demand is not the source of the inflation as it has been in previous inflationary periods.

**Sources of the Inflation**—Part of the current inflation is the result of the *devaluation of the dollar*. The devaluation directly increased the cost of imported raw materials. Import prices rose by 25 percent in 1973. The Council of Economic Advisers estimates that "If these rising import prices were merely passed through dollar for dollar to final purchases in the United States they would account for one-fourth of the rise in prices . . . in 1973".<sup>4</sup> However, much of the increase in import prices occurred late in the year and will be felt at the retail level early in 1974. The cost of all imports, obviously, was increased but that is desirable as a mechanism for reducing our volume of imports. The devaluation also reduced the foreign-currency price of our goods and stimulated the world demand for our products, including primary raw materials. The recent appreciation of the dollar has turned this situation around somewhat.

A second source of the current inflation is the shortage of *food and oil*. The pressure on food prices stems from poor harvests, particularly in Russia and Africa in 1972, and was increased by the enlarged shipments of our agricultural products abroad. The good harvest, world-wide, in 1973 has relieved some of that pressure but large export orders for the 1973 crop could create new shortages. The cut-back in production by the Arabian oil countries and the increase in price mandated by oil and petroleum exporting coun-

tries (OPEC) have presumably produced a permanent price increase in petroleum products. Some relief from the upward pressure on oil prices can be expected if supplies again increase. However, prices are obviously unlikely to return to pre-oil crises levels. The use of petroleum is so pervasive in our production and transportation systems that the price increases in oil will create additional price increases in other products throughout the economy, and this will be working its way through the economy during the first half of 1974.

The third source of inflationary pressures is the shortages that have developed from *capacity problems in the processing of primary products*. There is not enough capacity in areas like sawmills, refineries, and metallurgical reduction plants, for example. Part of this capacity shortage has developed because people have objected, for example, to refineries being built in their area. In many of these industries, excess capacity was built during the Korean War, frequently with government subsidy. In the intervening years, foreign competition discouraged expansion of domestic production. Two things happened in 1973 that created the shortage—first, the world-wide economic boom that resulted in a sizeable increase in demand for primary products and second, the increased demand for American raw materials that became competitive with foreign supplies because of the devaluation. Investment in new plant and equipment is expected to increase 10½ percent in calendar 1974. However, investment in some of the primary processing industries is expected to be much higher—up 27 percent in petroleum, 31 percent in paper, 25 in primary metals, and 21 percent in chemicals.<sup>15</sup>

Traditional macro fiscal and monetary policies are not very helpful in coping with this economic situation. In the now anticipated slow down in real economic activity (as measured by production indices and unemployment), it is likely that monetary restraints will be relaxed and the housing industry revive. On the other hand, too easy a monetary policy could become a source of additional inflation.

To the extent that the restrictive fiscal policy being proposed contributes to the slow down in real economic activity, it will relieve some of the demand pressures on primary products, but at the price of increased unemployment. A full-employment surplus of the size being proposed by the Administration is admittedly subject to reassessment if unemployment increases. An appropriate policy will have to take into account the unemployment, the inflation outlook, and the restriction in consumer purchasing power. The definition of a neutral fiscal policy in economic terms is one that neither applies more restraint nor increases the amount of stimulation flowing from the budget. In other words, the full employment surplus (or deficit) would be the same each year. If the intent is to achieve a neutral fiscal policy, somewhat higher expenditures or lower income taxes than those being proposed by the Administration would be implied.

#### *Possible actions*

Some actions have already been taken. Acreage reserves have been removed on agricultural production. The American dollar has strengthened considerably in the foreign exchange markets in recent weeks. If that improvement can be maintained, some of the pressures arising from the devaluation could be alleviated. However, there are some shifts in expenditures that Congress might consider.

First, the level of funding for public service employment could be increased. The recently enacted Comprehensive Employment and Training Act of 1973 (PL 93-230) provides a new charter for federally financed and locally operated manpower and employment programs. Title II sets forth a perma-

nent public service employment, for which the President's fiscal 1974 budget provides \$250 million for areas with unemployment of 6½ percent or more. This request, together with the entire manpower budget, is now pending before the Appropriations Committee, since the manpower programs were omitted from the already passed Labor Department budget.

For 1975, the budget proposes \$3.3 billion for all manpower programs, essentially the same as the 1974 request, of which \$350 million is budgeted for the public service employment program.

The amounts provided for public service employment in fiscal 1975 could be expanded. These additional funds would not only provide monies for additional jobs but would also help cushion state and local receipts from the effect of projected economic slowdown. This is a program that can be fairly quickly activated as the experience in 1970 and 1971 demonstrated. Since the state and local governments are currently in a relatively strong fiscal position (see page 41 below), expansion of this program could be on a stand-by basis.

Second, the federal/state system of unemployment insurance could be strengthened to raise the level of benefits or extend their duration. The President's Message of April, 1973 proposed a 3-point program including a federal standard to require each state to pay benefits equal to at least half the unemployed individual's average wage up to a maximum equal to two-thirds of the average covered wage in the state. At present only a few states meet this standard. This proposal currently embodied in H.R. 8600 (Mills, Arkansas) is currently pending in the House Ways and Means Committee.

Extension of unemployment insurance benefits beyond the normal 26 weeks is provided under current law through two "trigger" mechanisms. Nationally, an additional 13 weeks would be triggered on any time the national unemployment insurance rate remained above 4½ percent for three consecutive months. Individual states are also subject to an automatic trigger if their unemployment rate is 4 percent or higher and 20 percent above the level of prevailing for the same month in each of the two previous years. The so-called 20 percent trigger is currently in suspension and suggestions have been made that it be dropped entirely or that it might not be applicable if the state unemployment rate reaches some higher figure such as 6 percent. The President's State of the Union Message indicated he would submit special legislation to extend present unemployment insurance benefits for areas experiencing "particularly high levels of unemployment over the next 12 months."

Third, special use could be made of oil tax money. Because an energy tax, whatever form it takes, would probably be temporary, programs utilizing the revenue from such a tax would also need to be temporary and preferably aimed at generating additional employment. Some of the money could, for example, be used to start repair work on rail beds on some of the railroads going into the new national rail corporation.

Finally, some adjustment in tax rates might be considered. It could be to have a temporary income tax cut to help taxpayers meet the large increases in the cost of living. Alternatively, an increase in consumer purchasing power in 1974 could be achieved without reducing tax liabilities, by returning to the withholding tables in effect before 1972. The withholding tables put into effect in 1972 did not change total liabilities but they caused an increase in over withholding (and subsequently refunds) of \$8 billion. This money could be released by changing the schedules and it would be a one shot stimulus to the economy.

NANCY H. TEETERS,  
Senior Specialist in Federal Budget Congressional Research Service.

Footnotes at end of article.

## FOOTNOTES

<sup>1</sup> Civilian and military pay raises in October are based on comparability surveys taken in June. Federal civilian and military retirement benefits are increased after the consumer price index has risen by 3 percent above the level obtained when the last adjustment was made and remains above for three months. The law states that social security is to be increased once a year but the automatic adjustments have not been permitted to function yet. Automatic adjustments were not to start until 1975 and can be superceded if a general across-the-board increase is legislated.

<sup>2</sup> Prepared by the Foreign Affairs Division.

<sup>3</sup> The combined rate is the employer-employee rate for old age, survivors, disability and health insurance.

<sup>4</sup> Except for the period of the surcharge, the individual income tax rate schedule has been unchanged since 1965. However, reductions in the effective rate have been accomplished by increasing the value of an exemption from \$600 to \$750 and increasing minimum and standard deductions.

<sup>5</sup> The proposed "excess profits" tax on oil is included in the excise taxes instead of corporate income taxes.

<sup>6</sup> Joint Economic Committee Staff Report, *An Advance Look at the 1975 Budget*, p. 28-29.

<sup>7</sup> Edwin Dale, Financial Section of the New York Times, Sunday, January 13, 1974.

<sup>8</sup> A recession is defined as two consecutive quarters of declining output—that is negative real growth. A "growth recession" is one where the growth in total output (GNP) is

less than the 4 percent (at annual rates) needed to keep unemployment from rising.

<sup>9</sup> The 4 percent rate of real growth is composed of 1.8 percent for growth in the labor force, 2.5 percent for productivity growth and -0.3 percent for reduction in working hours.

<sup>10</sup> The forecasts of the various econometric models are similar. The forecasts for five of the large models are shown in Table I.9.

<sup>11</sup> Walter Heller and George Perry, *January 1974. "The U.S. Economic Outlook for 1974,"* National City Bank of Minneapolis.

<sup>12</sup> Full employment has been defined as 96 percent of the labor force employed or conversely 4 percent unemployed. The 4 percent definition has been accepted since late 1940's and is referred to usually as the "interim goal for full employment," reflecting apparently an uneasy compromise between those who want a lower target and those who want a higher one. See "The Development of the Concept of 'Full Employment' as a Policy Goal" by Julius Allen, Senior Specialist, CRS, October 10, 1973.

<sup>13</sup> Source: 1972 Budget, p. 9.

<sup>14</sup> 1974 CEA Report, p. 67.

<sup>15</sup> DRI January forecast, January 30, 1974, p. 7.

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## GROSS PUBLIC DEBT

The gross public debt continues to rise; between fiscal years 1955 and 1973 it rose by \$184 billion increasing from \$274 billion to \$458 billion. By the end of fiscal year 1975 the debt is expected to increase another \$36 billion to a new total of \$494 billion. Even

though total public debt increased by \$184 billion over the past 18 years, the portion (owned by the general public) increased by less than \$60 billion, about one-third of the total. More than two-thirds of the debt increase has been financed by increased holdings of debt securities by U.S. Government accounts (primarily trust funds) and the Federal Reserve. From 1955 to 1973 the portion of the public debt owned by U.S. Government accounts increased from \$50 billion to \$123 billion and the Federal Reserve's holdings increased from \$24 billion to \$75 billion. At the end of fiscal year 1955, 73 percent of the total debt was held by the general public, by the end of fiscal year 1973 the publicly held portion had declined to less than 57 percent of the total. This means that a declining portion of the debt has to be refinanced in the private financial markets, thus reducing the impact of federal borrowing on these markets.

Although the public debt has risen substantially over the past two decades, it has been declining in relation to the national economy. In contrast, the debt of State and local governments, corporations, and private individuals has increased in relation to the economy. Total public debt declined from 72.4 percent of gross national product (GNP) in 1955 to 37.5 percent in 1973 and it is projected to decline to 34 percent of GNP in 1975. The publicly held portion of the debt in relation to GNP has declined to an even greater extent from 52.9 percent of GNP in 1955 to 21.3 percent in 1973. The following table provides additional data on the public debt.

TABLE I.10.—OWNERSHIP OF GROSS PUBLIC DEBT AND RELATIONSHIP TO GROSS NATIONAL PRODUCT (GNP), SELECTED FISCAL YEARS, 1955-75

Category	Fiscal years—					
	1955	1960	1965	1970	1973	1975 estimate
Billions of dollars						
Gross public debt.....	274.4	286.3	317.3	370.9	458.1	494.3
Portion held by—						
U.S. Government accounts (primarily trust funds).....	50.5	53.1	61.1	95.2	123.4	147.0
Federal Reserve.....	23.6	26.5	39.1	57.7	75.0	(1)
General public.....	200.3	206.7	217.1	218.0	259.7	(1)
As percent of gross public debt						
Gross public debt.....	100.0	100.0	100.0	100.0	100.0	100.0
Portion held by—						
U.S. Government accounts.....	18.4	18.5	19.3	25.7	26.9	29.7
Federal Reserve.....	8.6	9.3	12.3	15.6	16.4	(1)
General public.....	73.0	72.2	68.4	58.8	56.7	(1)
As percent of GNP						
Gross public debt.....	72.4	57.8	48.5	38.8	37.5	34.0
Portion held by—						
U.S. Government accounts.....	13.3	10.7	9.3	10.0	10.1	10.1
Federal Reserve.....	6.2	5.4	6.0	6.0	6.1	(1)
General public.....	52.9	41.7	33.2	22.8	21.3	(1)

<sup>1</sup> Not available.

## STATE AND LOCAL GOVERNMENTS FISCAL POSITION

Over the past two years State and local governments have attained a relatively strong fiscal position. On the national income accounts basis, State and local governments for the first three quarters of 1973 had a surplus (annual rate) of more than \$11 billion. This surplus represents the overall position of these governments; certainly many governments, particularly large cities, are continuing to experience severe fiscal problems. General revenue sharing funds have contributed significantly to the improved fiscal position of State and local governments. General revenue sharing payments began in December 1972; through January 1974 these payments have provided \$11.2 billion to State and local governments. The first Actual Use Reports<sup>1</sup>, covering the first three entitlement periods (January 1972 through June 1973), show how State and local govern-

ments reported using general sharing funds. State governments reported using 70 percent of the funds for education. Local governments reported using 35 percent of the funds for public safety and 20 percent for transportation. However, the first "planned use report" submitted by recipient governments to the Treasury Department Office of Revenue Sharing covering the April and July 1973 disbursements and a recent study by the Brookings Institution, involving a detailed examination of a few governments, both indicate that tax relief at the State and local level may be a major result of revenue sharing.

GEORGE K. BRITE,  
Specialist in Financial Fiscal Policy.

## CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded.

## ADDITIONAL EXPENDITURES BY THE COMMITTEE ON PUBLIC WORKS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 691, S. Res. 261.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

S. Res. 261, authorizing additional expenditures by the Committee on Public Works for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported by the Committee on Rules and Administration with an amendment on page 2, line 4, after

<sup>1</sup> Budget of the U.S. Government for FY 1975, page 147.

the word "exceed", strike out "\$904,920" and insert "\$744,900".

Mr. CANNON. Mr. President, a brief explanation. Last year, the Senate authorized the Public Works Committee an additional \$500,000 for a study, which has now been concluded. The request, therefore, of the Public Works Committee was \$235,080 last year.

However, the Rules Committee has reduced that sum, as indicated by the amendment, by another \$160,000, which still gives the Public Works Committee roughly an increase of about \$205,000 more than it had last year—that is the essence of the amendment—for a total of \$744,900.

Mr. RANDOLPH. Mr. President, will the able chairman of the Rules Committee permit me to make a very brief statement in reference to funding for the Public Works Committee?

Mr. CANNON. I am happy to yield to the Senator from West Virginia.

Mr. RANDOLPH. It is my feeling, Mr. President, that the members of the Committee on Rules and Administration have given very careful consideration to the monetary request from the Public Works Committee. That request, of course, was brought before the committee after the most careful consideration by all members of the Committee on Public Works.

The very diligent Senator from Tennessee (Mr. BAKER), the ranking minority member of our committee, is in the Chamber. The statements which were made by him and by me at the time of our appearance before the Rules Committee were well founded, we believe, as to the amount of money needed by the committee. I can well understand the problems of the Rules Committee in providing funds.

I reemphasize that the Public Works Committee, as Senator BAKER and I sat forth in our statements before the committee, is one of the busiest of the Senate, with a wide range of subject matter. It is very important to develop legislation and then to have the oversight of that legislation. To carry out our responsibilities, we must have hearings not only in the Nation's Capital but throughout the country as well.

During 1973, the Committee on Public Works considered and reported 38 bills. In developing these and other measures, the committee conducted 71 days of hearings, including 16 days outside Washington. The full committee met in executive session 33 times, this exclusive of 16 executive sessions held by the subcommittees.

During the second session of the 93d Congress, the Public Works Committee has planned an ambitious legislative agenda which will require approximately 68 days of public hearings in Washington and 42 days of public hearings in other locations.

The Environmental Pollution Subcommittee will consider, among other items, auto emission standards for oxides of nitrogen, solid waste management and resource recovery—both legislative and oversight—second treatment of municipal wastes for ocean discharge, and water pollution authorizations and the waste treatment fund allocation formula. Field hearings will be held in eight or nine States to consider whether transpor-

tation control measures proposed by the Environmental Protection Agency can be achieved practically with the control strategies and the time available. It will also study the implications of the requirement that there be no significant deterioration of air quality.

The Economic Development Subcommittee has prepared a schedule of hearings which will concentrate on economically lagging areas of the country. The administration's proposed Economic Adjustment Act will be considered as well as extension of the Public Works and Economic Development Act.

The Water Resources Subcommittee, after having secured agreement early this session on the conference report for S. 2798, anticipates the requirement for another water resource bill in light of the new two-stage authorization concept embodied in S. 2798. Other matters to be considered include the deepwater port issue and several miscellaneous bills referred to the subcommittee at the end of the first session. One major objective will be a series of oversight hearings covering, first, all elements of water resources development and management planning and, second, the Corps of Engineers civil works program as a whole.

The Transportation Subcommittee expects to concentrate its efforts principally in the areas of highway beautification, transportation planning and priorities for the seventies, highway safety, transportation and the new energy policies, and vehicle weights and sizes.

The Disaster Relief Subcommittee has introduced a bill proposing numerous amendments to the 1970 Disaster Relief Act. It is hoped that this bill can clear the subcommittee for full committee action early this session. The subcommittee will continue to monitor closely Federal disaster assistance activities and plans to hold oversight hearings in any disaster areas where a need is indicated.

The Buildings and Grounds Subcommittee expects to hold hearings on several buildings projects. It will also consider legislation to, first, require Federal agencies to implement cost reduction techniques in public works project construction; second, improve Federal architecture-engineer contract award procedures; and, third, consider revisions to Public Buildings Act amendments imposing additional prospectus requirements. Several oversight items, such as cost estimating, long-term space planning, determination of socioeconomic impact of projects, evaluation of space alternatives, and assessment of environmental impact of projects will be investigated.

During the past session, as in preceding years, the committee's legislative responsibilities were so demanding that it was not possible to undertake oversight activity except in relation to legislation under consideration. Even with the phased addition of new staff members in the past year, the committee's oversight activities were restricted by lengthy executive and conference sessions on major legislation. Since no lessening of the legislative responsibility of the committee is anticipated the professional staff continues to be hampered in its efforts to carry out the mandate of Congress, contained in the Legislative Reorganization

Act to "review and study, on a continuing basis, the application, administration, and execution of those laws, or parts of laws, the subject matter of which is within the jurisdiction of the committee."

The committee intends to assign the seven new professional staff and one legal assistant principally to oversight activities. They will be divided equally among majority and minority offices, and will focus their attention on the policy implications of agency activity, rather than the day-to-day details of agency administration. By this procedure we hope to continue to improve and refine the legislation within the committee's jurisdiction so that the goals which the legislation is designed to achieve are, in fact, more readily obtainable.

This oversight function accounts, in its entirety, for the increase to funds requested for the coming year, except for the additional \$11,000 requested for consultant expenses. This amount will replace the unexpended travel money, previously authorized under Senate Resolution 135 in connection with the two National Academy of Sciences contracts and which will be returned to the contingency fund at the end of the present resolution year.

Because we were unable to carry out all the oversight activities planned for last session, these responsibilities have become cumulative. With the continued change in relationship between the Congress and the executive branch, it is more important than ever before that we fully exercise our oversight responsibilities. It is for these reasons that we ask for funds to employ additional staff. We do so in the belief that these additions will permit us to discharge these functions without further postponement because of the heavy legislative burden borne by the present staff.

I thank the chairman of the Rules Committee and all the members of that committee for their very careful thought in reference to our request. I believe we are always in the posture that if we come back to them at a later time and document further need for funds—although we do not anticipate that that will be necessary—the members of the Rules Committee will give us their courtesy and consideration at that time.

Mr. CANNON. I say to the Senator that the Rules Committee has consistently taken the position that if committees find themselves short of funds and come back and justify the request, we are ready and willing to give them full consideration of whatever request they may have.

Mr. RANDOLPH. I thank the chairman.

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

Mr. CANNON. I yield.

Mr. BAKER. Mr. President, I support the adoption of the amended version of Senate Resolution 261. The amended version of this resolution provides \$744,900 to the Committee on Public Works for its operating expenses during the 12 months beginning tomorrow.

I regret, of course, that the Committee on Rules and Administration saw fit to reduce the budget request made unanimously by the Committee on Public

Works. That reduction of \$160,020 will curtail the ability of the committee to increase its staff, an increase made necessary by the very heavy legislative program facing the committee during the coming year.

While I regret that decision, I recognize the desire of the Committee on Rules and Administration to restrain major increases in committee budgets this year. And I want to say a word of thanks to Chairman CANNON, Senator COOK, and other members of the Committee on Rules and Administration for the very fair and understanding consideration which our request received.

It is my hope, nevertheless, that this new budget resolution will be approved by the entire Senate and that it will support effectively the committee's program in this coming year.

That program is a most challenging one. We must extend and make possible changes in laws governing water pollu-

tion, air pollution, solid waste pollution, economic development, and disaster relief laws; we will have a series of major oversight hearings into the works of the Army Corps of Engineers; and we will undertake a major review of national transportation priorities and coordination.

This schedule—together with many lesser issues and ones I cannot foresee at this time—requires the support of a strong and professional staff. Our staff on the Committee on Public Works is sound. This budget will enable us to expand it modestly in pursuit of the legislative goals facing us.

In conclusion, Mr. President, I want to express my thanks to Chairman RANDOLPH for his always effective and fair leadership of the committee, and in his plans to share the staff additions with the minority.

Mr. CANNON. Mr. President, I ask unanimous consent that William M.

Cochrane and John Coder, of the staff of the Committee on Rules and Administration, have the privilege of the floor during the consideration of the committee expenditure resolutions.

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

Mr. COOK. Mr. President, I ask unanimous consent that Mr. Joseph O'Leary, of the staff of the Committee on Rules and Administration, be accorded the same privilege and under the same circumstances.

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

Mr. CANNON. Mr. President, I ask unanimous consent that tabulations relating to multiple-funding requests from certain Senate committees be included at the appropriate places in my remarks today.

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

[COMMITTEE PRINT NO. 2]

U.S. SENATE COMMITTEE ON RULES AND ADMINISTRATION

SENATE INQUIRIES AND INVESTIGATIONS, FEB. 27, 1974

[93d Cong., 2d sess.]

Calendar No./ Res. and Sec. No.	Committee and purpose	93d Cong., 1st sess. <sup>1</sup>			93d Cong., 2d sess. <sup>2</sup>			Number of committee employees							
		Unobligated balance (estimated) <sup>3</sup> Feb. 28, 1974	Amount authorized by Senate, 12 mo <sup>4</sup>	Amount requested, 12 mo	Difference between 1973 au- thoriza- tion and 1974 request	Amount of Rules Committee amendment	Amount reported by Rules Committee	Amount authorized by Senate <sup>5</sup>	Investigative <sup>7</sup>			Total, 1974 (pro- jected)	No. of rooms assigned to com- mittee <sup>8</sup>		
									Per- ma- nent <sup>6</sup>	1973	1974	Dif- ference			
<b>All committees</b>															
	Appropriations Committee <sup>9</sup>	\$326,593	\$511,710						39	8	10	+2	49	36	
	All other committees	1,553,396	16,561,100	\$16,955,615	+\$394,515	-\$1,719,815	\$15,235,800		253	706	705	-1	958	308	
679	S. Res. 258. Aeronautical and Space Sciences	14,820	47,500	52,000	+4,500	0	52,000		13	10	7	3	-4	16	7
680	S. Res. 236. Agriculture and Forestry Appropriations. (See above.)	30,000	212,000	220,000	+8,000	0	220,000		12	5	8	+3	20	8	
681	S. Res. 270. Armed Services	141,000	520,000	520,000	0	0	520,000		13	18	18	0	31	17	
	Sec. 2. Consultants for full committee	23,000	30,000	25,000	-5,000	0	25,000								
	Sec. 4. General	59,000	337,000	346,000	+9,000	0	346,000		13	13	0				
	Sec. 5. Preparedness	59,000	153,000	149,000	-4,000	0	149,000		5	5	0				
682	S. Res. 240. Banking, Housing and Urban Affairs	60,000	660,000	700,000	+40,000	-\$13,500	686,500		12	30	30	0	42	16	
	Sec. 3. General	36,000	320,000	340,000	+20,000	-4,000	336,000		16	15	-1				
	Sec. 4. Housing and urban affairs	3,000	210,000	230,000	+20,000	-9,500	220,500		8	9	+1				
	Sec. 5. Securities industry	21,000	130,000	130,000	0	0	130,000		6	6	0				
683	S. Res. 262. Commerce	10,000	1,375,000	1,922,478	+547,478	-278,678	1,643,800		12	60	81	+21	93	24	
684	S. Res. 256. District of Columbia Finance	32,000	170,000	175,000	+5,000	0	175,000		13	12	14	+2	27	6	
685	S. Res. 241. Foreign Relations	50,000	675,000	840,000	+165,000	-131,200	708,800		18	31	34	+3	52	17	
686	S. Res. 269. Government Operations	107,513	1,956,000	2,312,017	+356,017	-243,017	2,069,000		14	79	95	+16	109	28	
	Sec. 2. Consultants for full committee	2,000	10,000	20,000	+10,000	0	20,000								
	Sec. 4. Permanent investigations	25,082	1,006,000	1,056,000	+50,000	-50,000	1,006,000		38	43	+5			12	
	Sec. 5. Intergovernmental relations	5,182	342,828	372,900	+30,072	-12,900	360,000		18	18	0			2	
	Sec. 6. Reorganization, research, and international organizations	8,758	327,500	395,000	+67,500	-51,000	344,000		13	15	+2			3	
	Sec. 7. Budgeting, management, and expenditures	30,000	180,000	278,158	+98,158	-89,158	189,000		6	11	+5			1	
	Sec. 8. Federal procurement	36,491	89,672	189,959	+100,287	-39,959	150,000		4	8	+4			0	
687	S. Res. 245. Interior and Insular Affairs	1,000	475,000	475,000	0	0	475,000		12	22	26	+4	38	12	
688	S. Res. 255. Judiciary	315,203	4,093,060	4,778,200	+684,600	-705,200	4,073,000		17	199	210	+11	227	69	
	Sec. 3. Admin. practice and procedure	45,000	377,800	453,300	+75,500	-75,500	377,800		16	18	+2			2	
	Sec. 4. Antitrust and monopoly	42,000	767,000	797,600	+30,600	-30,000	767,000		30	30	0			19	
	Sec. 5. Constitutional amendments	1,550	239,700	291,000	+51,300	-39,000	252,000		11	11	0			1	
	Sec. 6. Constitutional rights	39,993	299,900	345,000	+45,100	-45,100	299,900		17	16	-1			5	
	Sec. 7. Criminal laws and procedures	9,000	210,200	245,000	+34,800	-24,000	221,000		10	10	0			2	
	Sec. 8. Federal charters, etc.	2,000	14,500	16,500	+2,000	0	16,500		1	1	0			0	
	Sec. 9. Immigration, naturalization	63,000	240,000	205,000	-35,000	0	205,000		10	8	-2			4	
	Sec. 10. Improv. in judicial machinery	15,000	223,000	255,500	+32,500	-20,500	235,000		15	13	-2			1	
	Sec. 11. Internal security	12,000	532,500	663,000	+130,500	-263,000	400,000		26	29	+3			7	
	Sec. 12. Juvenile delinquency	10,440	335,400	393,400	+58,000	-40,400	353,000		19	20	+1			6	
	Sec. 13. Patents, trademarks, etc.	12,000	169,000	188,000	+19,000	-10,000	178,000		7	7	0			3	
	Sec. 14. Penitentiaries	6,000	79,000	88,000	+9,000	0	88,000		4	5	+1			1	
	Sec. 15. Refugees and escapees	570	172,500	245,000	+72,500	-63,000	182,000		11	13	+2			1	
	Sec. 16. Revision and codification	1,000	62,300	64,300	+2,500	0	64,300		3	3	0			1	
	Sec. 17. Separation of powers	28,000	250,000	315,000	+65,000	-52,000	263,000		13	17	+4			9	
	Sec. 18. Citizens' interests	27,650	120,800	192,100	+71,300	-42,100	150,000		6	8	+2			0	
	Sec. 19. FBI oversight			20,000	+20,000	0	20,000		1	1	+1			0	

Calendar No./ Res. and Sec. No.	Committee and purpose	93d Cong., 1st sess. <sup>1</sup>			93d Cong., 2d sess. <sup>2</sup>			Number of committee employees							
		Unobligated balance (estimated) <sup>3</sup> Feb. 28, 1974	Amount authorized by Senate, 12 mo <sup>4</sup>	Amount requested, 12 mo	Difference between 1973 au- thorization and 1974 request	Amount of Rules Committee amendment	Amount reported by Rules Committee	Amount authorized by Senate <sup>5</sup>	Per- manent <sup>6</sup>	1973	1974	Dif- ference	Total, 1974 (pro- jected)	No. of rooms assigned to com- mittee <sup>8</sup>	
689	S. Res. 259	Labor and Public Welfare	195,112	1,700,000	1,700,000	0	0	1,700,000	-----	30	57	57	0	87	27
690	S. Res. 264	Post Office and Civil Service	38,000	275,000	235,000	-40,000	0	235,000	-----	13	12	12	0	25	9
691	S. Res. 261	Public Works	19,000	1,140,000	904,920	-235,080	-160,020	744,900	-----	12	32	43	+11	55	15
	S. Res. 266	Rules and Administration	110,000	331,000	374,000	+43,000	0	374,000	\$ 374,000	• 14	10	11	+1	25	12
	Sec. 3	Privileges and elections	15,000	125,000	180,000	+55,000	0	180,000	180,000	-----	5	6	+1	-----	-----
	Sec. 4	Computer services	95,000	206,000	194,000	-12,000	0	194,000	194,000	-----	5	5	0	-----	-----
692	S. Res. 250	Veterans' Affairs	25,000	210,000	275,000	+65,000	-54,000	221,000	-----	12	8	11	+3	23	6
693	S. Res. 263	Small Business (Select)	16,271	160,000	192,000	+32,000	-24,000	168,000	-----	9	8	8	-1	20	7
694	S. Res. 260	Nutrition, Human Needs (Select)	7,000	275,000	399,000	+124,000	-110,200	288,800	-----	14	14	0	14	14	5
695	S. Res. 267	Aging (Special)	2,000	411,000	415,000	+4,000	0	415,000	-----	20	20	0	20	4	-----
696	S. Res. 242	Termination of the National Emergency (Special) <sup>13</sup>	36,471	175,000	166,000	-9,000	0	166,000	-----	6	6	0	6	1	-----
697	S. Res. 286	Presidential Campaign Activities (Select) <sup>13</sup>	179,000	1,500,000	300,000	-1,200,000	0	300,000	-----	63	0	-63	0	7	-----
	Budget Control (Joint)	-----	164,006	4 <sup>6</sup> 200,000	0	-200,000	-----	-----	-----	8	0	-8	0	0	-----

<sup>1</sup> Senate investigative year 1973—Mar. 1, 1973–Feb. 28, 1974.<sup>2</sup> Senate investigative year 1974—Mar. 1, 1974–Feb. 28, 1975.<sup>3</sup> Figures supplied by the respective committees.<sup>4</sup> Except as follows:<sup>4a</sup> July 20, 1973–Feb. 28, 1974.<sup>4b</sup> May 10, 1973–Feb. 28, 1974.<sup>4c</sup> Mar. 1, 1973–Jan. 2, 1974.<sup>5</sup> Date authorized:<sup>5a</sup> S. Res. 266, Feb. 1, 1974.<sup>6</sup> Information on permanent staffs of Senate committees is as follows:

## REGULAR PERMANENT STAFF

Standing committees.—Except for the Committee on Appropriations, all standing committees of the Senate are authorized by sec. 202(a) and (c) of the Legislative Reorganization Act of 1946, as amended, to employ a regular staff of 6 professional staff members and 6 clerical assistants. The total maximum annual compensation authorized thereby, at current current salary rates, is \$344,280 per committee.

Appropriations committee.—The Appropriations Committee is authorized by sec. 202(b) of the Legislative Reorganization Act of 1946, as amended, “to appoint such staff, in addition to the clerk thereof and assistants for the minority as \*\*\* by a majority vote [it] shall determine to be necessary.”

Select Committee on Small Business.—The staff privileges of standing committees (6 professional and 6 clerical) were extended to the Select Committee on Small Business by Public Law 759 of the 81st Cong.

## ADDITIONAL PERMANENT STAFF

Additional permanent staff members authorized by the Senate for its standing committees are shown in the following table:

Committee/Additional permanent staff members authorized	Resolution No.	Authority	Date	Total maximum compensation <sup>1</sup>
Aeronautical and Space Sciences: 1 clerical	P.L. 92-136	92d	Oct. 11, 1971	\$16,815
Armed Services: 1 clerical	P.L. 92-136	92d	Oct. 11, 1971	16,815
District of Columbia: 1 clerical	P.L. 92-136	92d	Oct. 11, 1971	16,815
Finance:				
6 professional	S. Res. 224	89th	Apr. 20, 1966	299,250
6 clerical	S. Res. 66	91st	Feb. 17, 1969	149,625
Foreign Relations:				
2 professional	S. Res. 30	86th	Feb. 2, 1959	149,625
3 clerical	S. Res. 247	87th	Feb. 7, 1962	149,625
Government Operations:				
1 professional	S. Res. 355	85th	Aug. 18, 1958	49,875
1 clerical	P.L. 92-136	92d	Oct. 11, 1971	49,875
Judiciary:				
2 professional	S. Res. 66	81st	Feb. 17, 1949	116,565
3 clerical				
Labor:				
1 professional	S. Res. 253	88th	Feb. 10, 1964	448,875
1 assistant chief clerk				
7 professional	S. Res. 74	90th	Feb. 20, 1967	448,875
9 clerical				
Post Office: 1 clerical	S. Res. 14	89th	Feb. 8, 1965	16,815
Rules:				
1 professional	S. Res. 342	85th	July 28, 1958	66,120
1 assistant chief clerk	P.L. 93-145	93d	Nov. 1, 1973	66,120
Total (49 staff members)				1,197,570

<sup>1</sup> At current rates.

<sup>1</sup> The figures on investigative staff are from budget estimates supplied by the committees themselves, to accompany annual and supplemental authorization requests.

<sup>2</sup> The figures opposite the committee name, in the last column on the right indicates the total number of rooms assigned to that committee and its subcommittees. When subcommittee staffs are identifiable as separate physical entities the rooms they utilize are also shown. Any disparity between the total of subcommittee rooms and the total shown for the full committee is accounted for by rooms being used by the permanent staff, sometimes with investigative or subcommittee staff commingled therein. Most committees use their hearing room (herein counted as one room) to house certain of their personnel.

<sup>3</sup> The Appropriations Committee has a permanent authorization for funds for inquiries and investigations (S. Res. 193, 78th Cong., Oct. 14, 1943), which funds are provided by the annual legislative appropriation acts. Since such funds are authorized on a fiscal year basis, there is no appropriate way to include them or compare them with funds authorized for other Senate committees. The figures shown here, only to complete the information, are on the following bases: The authorization is for the 12-month period July 1, 1973–June 30, 1974, and the expenditures are for the 8-month period July 1, 1973–Feb. 28, 1974.

<sup>4</sup> Includes 2 employees for 3-month period.

<sup>5</sup> S. Res. 40, agreed to Feb. 22, 1973, authorized the Committee on Finance to employ 2 additional professional staff members and 2 additional clerical assistants from Mar. 1, 1973, through Feb. 28, 1974. This same authority was continued from Mar. 1, 1973, through Feb. 28, 1975, by S. Res. 238, agreed to Jan. 30, 1974.

<sup>6</sup> The Special Committee on the Termination of the National Emergency was established by S. Res. 304, agreed to June 23, 1972, with authority to expend funds not to exceed \$100,000 through Feb. 28, 1973. On Sept. 11, 1972, the Senate agreed by unanimous consent, to change the terminal date from Feb. 28, 1973, to Jan. 2, 1973. At the commencement of the 93d Cong., pursuant to S. Res. 9, agreed to Jan. 6, 1973, the Select Committee was continued from Jan. 3, 1973, through Feb. 28, 1974, and authorized to expend not to exceed \$175,000 during that period.

<sup>7</sup> The Select Committee on Presidential Campaign Activities was established by S. Res. 60, agreed to Feb. 7, 1973, which authorized expenditures by the select committee of not to exceed \$500,000 through Feb. 28, 1974. S. Res. 95, agreed to Apr. 6, 1973, amended S. Res. 60 to authorize the select committee “to procure either through assignment by the Rules Committee or by renting such offices and other space as may be necessary to enable it and its staff to make and conduct the investigation and study authorized and directed by this resolution.” S. Res. 60 was further amended by S. Res. 132, agreed to June 25, 1973, by unanimous consent, which increased from \$500,000 to \$1,000,000 funds available to the select committee for inquiries and investigations. S. Res. 209, agreed to Dec. 4, 1973, by unanimous consent, increased from \$1,000,000 to \$1,500,000 funds available to the select committee for inquiries and investigations. Pursuant to S. Res. 287, agreed to Feb. 19, 1974, the select committee was further extended—to May 28, 1974—on which date its final report to the Senate would be due.

The PRESIDING OFFICER. The question is on agreeing to the amendment to Senate Resolution 261.

The amendment was agreed to.

The PRESIDING OFFICER. The ques-

tion is on agreeing to the resolution, as amended.

The resolution (S. Res. 261), as amended, was agreed to, as follows:

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with

its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Public Works, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$744,990, of which amount not to exceed \$20,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE JUDICIARY

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 688, Senate Resolution 255.

THE FOLLOWING TABULATION CONTAINS THE PERTINENT INFORMATION CONCERNING THE MULTIPLE INQUIRIES CONTAINED WITHIN SENATE RESOLUTION 255

Section No.	Purpose	Amount			Subcommittee	
		Requested	Amendment	Approved	Chairman	Ranking minority member
3	Administrative practice and procedure	\$453,300	-\$75,500	\$377,800	Mr. Kennedy	Mr. Thurmond
4	Antitrust and monopoly	797,600	-30,600	767,000	Mr. Hart	Mr. Hruska
5	Constitutional amendments	291,000	-39,000	252,000	Mr. Bayh	Mr. Fong
6	Constitutional rights	345,000	-45,100	299,900	Mr. Ervin	Mr. Gurney
7	Criminal laws and procedures	245,000	-24,000	221,000	Mr. McClellan	Mr. Hruska
8	Federal charters, etc.	16,500	0	16,500	Mr. Hruska	Mr. McClellan
9	Immigration, naturalization	205,000	0	205,000	Mr. Eastland	Mr. Fong
10	Improvements in judicial machinery	255,500	-20,500	235,000	Mr. Burdick	Mr. Hruska
11	Internal security	663,000	-263,000	400,000	Mr. Eastland	Mr. Thurmond
12	Juvenile delinquency	393,400	-40,400	353,000	Mr. Bayh	Mr. Cook
13	Patents, trademarks, etc.	188,000	-10,000	178,000	Mr. McClellan	Mr. Scott
14	Penitentiaries	88,000	0	88,000	Mr. Burdick	Mr. Cook
15	Refugees and escapees	245,000	-63,000	182,000	Mr. Kennedy	Mr. Fong
16	Revision and codification	64,800	0	64,800	Mr. Ervin	Mr. Scott
17	Separation of powers	315,000	-52,000	263,000	Mr. Ervin	Mr. Mathias
18	Citizens' interests	192,100	-42,100	150,000	Mr. Tunney	Mr. Cook
19	FBI oversight	20,000	0	20,000		
Total		4,778,200	-705,200	4,073,000		

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered en bloc.

Mr. McCLELLAN. Mr. President, as I understand, the Senator from Nevada is asking for approval or disapproval of the money resolutions for the Committee on the Judiciary in this one package.

Mr. CANNON. If the amendments are considered en bloc, I would request that they be agreed to as reported by the Committee on Rules and Administration.

Mr. McCLELLAN. As chairman of the Subcommittee on Criminal Laws and Procedures and on Patents and Trademarks, representing two of the items in S. Res. 255, I notice a small reduction made by the Committee on Rules and Administration in those two items.

I am satisfied with the amounts that have been authorized or recommended by the Committee on Rules and Adminis-

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 255) authorizing additional expenditures by the Committee on the Judiciary.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with amendments on page 2, in line 8, strike out "\$4,778,200" and insert in lieu thereof of "\$4,073,000".

On page 2, in line 17, strike out "\$453,-300" and insert in lieu thereof "\$377,800".

On page 2, in line 22, strike out "\$797,600" and insert "\$767,000".

On page 3, in line 3, strike out "\$291,-000" and insert "\$252,000".

On page 3, in line 8, strike out "\$345,-000" and insert "\$299,900".

On page 3, in line 13, strike out "\$245,-000" and insert "\$221,000".

On page 3, in line 23, strike out "\$255,-500" and insert "\$235,000".

On page 4, in line 4, strike out "\$663,-000" and insert "\$400,000".

On page 4, in line 20, strike out "\$393,-400" and insert "\$353,000".

On page 4, in line 25, strike out "\$188,-000" and insert in lieu thereof "\$178,000".

On page 5, in line 7, strike out "\$245,-000" and insert in lieu thereof "\$182,000".

On page 5, in line 14, strike out "\$315,-000" and insert in lieu thereof "\$263,000".

On page 5, in line 20, strike out "\$192,-100" and insert in lieu thereof "\$150,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on the Judiciary to expend not to exceed \$4,778,200 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$4,093,600 for that purpose. The committee estimates it will return approximately \$315,203 of that amount to the Treasury.

The pending request includes an increase of \$684,600 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 255 by reducing the requested amount from \$4,778,200 to \$4,073,000, a reduction of \$705,200.

Senator EASTLAND is chairman of the Committee on the Judiciary, and Senator HRUSKA is its ranking minority member.

Mr. President, I ask unanimous consent to have printed in the RECORD a tabulation in connection with this matter.

There being no objection, the tabulation was ordered to be printed in the RECORD, as follows.

I think we should all make every effort to hold down expenditures. I believe we can go forward with the amounts that have been allowed or recommended by the committee.

I shall, of course, remember and take into account that, should some extraordinary situation develop when further expenditures are necessary, we can always return to the committee to justify our request for further funds.

I wish to thank the distinguished chairman and the ranking minority member of the Committee on Rules and Administration and other members of the committee for the consideration given to these particular items.

Mr. CANNON. I thank the Senator from Arkansas for his remarks. Again, I assure him that the committee certainly will consider any requests that are brought before us if the committee finds it is unable to get along with the amounts that have been recommended.

Mr. COOK. Mr. President, we tried our best to keep the funds within the limits that the chairman of the Subcommittee on Criminal Laws and Procedures and the Subcommittee on Patents and Trademarks brought before us.

There is a slight increase to the extent requested by the subcommittee, but we took that into consideration and evaluated the amount on that basis.

The PRESIDING OFFICER. Without objection, the amendments are agreed to en bloc.

The resolution (S. Res. 255), as amended, was agreed to, as follows:

*Resolved*, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate so far as applicable, the Committee on the Judiciary, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations im-

posed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services or personnel of any such department or agency.

SEC. 2. The Committee on the Judiciary, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$4,073,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and to the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended) in accordance with succeeding sections of this resolution.

SEC. 3. Not to exceed \$377,800 shall be available for a study or investigation of administrative practice and procedure, of which amount not to exceed \$5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 4. Not to exceed \$767,000 shall be available for a study of investigation of antitrust and monopoly, of which amount not to exceed \$10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 5. Not to exceed \$252,000 shall be available for a study or investigation of constitutional amendments, of which amount not to exceed \$12,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 6. Not to exceed \$299,000 shall be available for a study or investigation of constitutional rights, of which amount not to exceed \$10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 7. Not to exceed \$221,000 shall be available for a study or investigation of criminal law and procedures, of which amount not to exceed \$5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 8. Not to exceed \$16,500 shall be available for a study or investigation of Federal charters, holidays, and celebrations.

SEC. 9. Not to exceed \$205,000 shall be available for a study or investigation of immigration and naturalization.

SEC. 10. Not to exceed \$235,000 shall be available for a study or investigation of improvements in judicial machinery, of which amount not to exceed \$10,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 11. Not to exceed \$400,000 shall be available for a complete and continuing study and investigation of (1) the administration, operation, and enforcement of the Internal Security Act of 1950, as amended, (2) the administration, operation, and enforcement of other laws relating to espionage, sabotage, and the protection of the internal security of the United States, and (3) the extent, nature, and effect of subversive activities in the United States, its territories and possessions, including, but not limited to, espionage, sabotage, and infiltration by persons who are or may be under the domination of the foreign government or organization controlling the world Communist movement or any other movement seeking to overthrow the Government of the United States by force and violence or otherwise threatening the internal security of the United States.

SEC. 12. Not to exceed \$853,000 shall be available for a study or investigation of juvenile delinquency, of which amount not to exceed \$14,000 may be expended for the pro-

curement of individual consultants or organizations thereof.

SEC. 13. Not to exceed \$178,000 shall be available for a study or investigation of patents, trademarks, and copyrights.

SEC. 14. Not to exceed \$88,000 shall be available for a study or investigation of national penitentiaries, of which amount not to exceed \$500 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 15. Not to exceed \$182,000 shall be available for a study or investigation of refugees and escapees, of which amount not to exceed \$2,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 16. Not to exceed \$64,800 shall be available for a study or investigation of revision and codification.

SEC. 17. Not to exceed \$263,000 shall be available for a study or investigation of separation of powers between the executive, judicial, and legislative branches of Government, of which amount not to exceed \$12,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 18. Not to exceed \$150,000 shall be available for a study or investigation of citizens' interests, of which amount not to exceed \$5,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 19. Not to exceed \$20,000 shall be available for a study or investigation of Federal Bureau of Investigation oversight.

SEC. 20. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 21. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON AERONAUTICAL AND SPACE SCIENCES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 679, Senate Resolution 258.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Aeronautical and Space Sciences to expend not to exceed \$52,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$47,500 for that purpose. The committee estimates it will return approximately \$14,320 of that amount to the Treasury.

The pending request includes an increase of \$4,500 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 258 without amendment.

The Senator from Utah (Mr. Moss) is chairman of the Committee on Aeronautical and Space Sciences, and the Sen-

ator from Arizona (Mr. GOLDWATER) is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 258) was agreed to as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Aeronautical and Space Sciences, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent funds of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed \$52,000, of which amount not to exceed \$1,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### INCREASE IN SUMS ALLOTTED TO THE SELECT COMMITTEE ON PRESIDENTIAL CAMPAIGN ACTIVITIES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 697, Senate Resolution 286.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 286) to increase the sums allotted to the Senate Select Committee on Presidential Campaign Activities.

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Presidential Campaign Activities to expend not to exceed \$300,000 during the next 3 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$1,500,000 for that purpose. The select committee estimates it will return approximately \$179,000 of that amount to the Treasury.

The pending request is a decrease of \$1,200,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 286 without amendment.

Senator ERVIN is chairman of the Select Committee on Presidential Campaign Activities, and Senator BAKER is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 286) was agreed to as follows:

*Resolved*, That the first sentence of section 6 of S. Res. 60, which was adopted on

February 7, 1973, is hereby changed to read as follows: "The expenses of the select committee through May 28, 1974, under this resolution shall not exceed \$1,800,000, of which amount not to exceed \$70,000 shall be available for the procurement of the services of individual consultants or organizations thereof.

**AUTHORIZATION OF ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS FOR INQUIRIES AND INVESTIGATIONS**

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 686, Senate Resolution 269.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 269) authorizing additional expenditures by the Committee on Government Operations for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with amendments on page 2, in line 14, strike out "\$2,292,017" and insert in lieu thereof "\$2,049,000".

On page 2, in line 23, strike out "\$1,056,000" and insert in lieu thereof "\$1,006,000".

On page 8, in line 14, strike out "\$373,900" and insert in lieu thereof "\$360,000".

On page 9, in line 1, strike out "\$395,000" and insert in lieu thereof "\$344,000".

On page 9, in line 25, strike out "\$278,158" and insert in lieu thereof "\$189,000".

On page 10, in line 25, strike out "\$189,959" and insert in lieu thereof "\$150,000".

On page 11, in line 14, strike out "\$2,312,017" and insert in lieu thereof "\$2,069,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Government Operations to expend not to

exceed \$2,312,017 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$1,956,000 for that purpose. The committee estimates it will return approximately \$107,513 of that amount to the Treasury.

The pending request includes an increase of \$356,017 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 269 by reducing the requested amount from \$2,312,017 to \$2,069,000, a reduction of \$243,017.

Senator ERVIN is chairman of the Committee on Government Operations, and Senator PERCY is its ranking minority member.

Mr. President, I ask unanimous consent to have printed in the RECORD a tabulation containing pertinent information concerning the multiple inquiries contained in the resolution.

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

THE FOLLOWING TABULATION CONTAINS THE PERTINENT INFORMATION CONCERNING THE MULTIPLE INQUIRIES CONTAINED WITHIN S. RES. 269

No. Section	Purpose	Amount			Subcommittee		Ranking minority member
		Requested	Amendment	Approved	Chairman		
2	Consultants	\$20,000	0	\$20,000	Mr. Jackson	Mr. Percy.	
4	Permanent investigations	1,056,000	-\$50,000	1,006,000	Mr. Muskie	Mr. Gurney.	
5	Intergovernmental relations	372,900	-12,900	360,000	Mr. Ribicoff	Mr. Javits.	
6	Reorganization, research, and international organizations	395,000	-51,000	344,000	Mr. Metcalf	Mr. Brock.	
7	Budgeting, management, and expenditures	278,158	-89,158	189,000	Mr. Chiles	Mr. Roth.	
8	Federal procurement	189,959	-39,959	150,000			
Total		2,312,017	-243,017	2,069,000			

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PERCY. Mr. President, I wish to direct the attention of the distinguished manager of the bill to the budget for the Permanent Investigations Subcommittee. The Senator from Washington (Mr. JACKSON) and I have prepared a letter of response to the action of the committee in which we indicate the request represents only \$50,000 more than the total 1973 budget, and we really go back to colloquy which the Senator from Washington and I had with the committee on the floor a year ago.

At that time the Senator from Washington indicated he would consider this matter over a period of time as chairman of the subcommittee and I think it only proper at this time that the Senator from Washington be present in the Chamber in order to discuss this particular subcommittee budget.

Perhaps it would be well, if there is no further business that the Senate must proceed with at this time, to have a quorum call so that word can be sent to the Senator from Washington on this matter.

Mr. COOK. Mr. President, before the Senator does that, I think we could set this matter aside, if it meets with the approval of the chairman of the committee.

Mr. ERVIN. Mr. President, I requested the chairman to call up this matter because I know that the Senator from Washington (Mr. JACKSON) knows that it is on the agenda.

Mr. PERCY. I think the Senator from Washington has the impression that we were working on the full committee's resolution and that we were not immediately going to the consideration of the resolution for our subcommittees, Senate Resolution 269.

Mr. ERVIN. I cannot be here later. I have no objection to laying it aside, but the Senator from Washington was requested to be here.

Mr. PERCY. We will notify him immediately that we are on this matter. In the meantime, with the indulgence of the floor manager I would like to reiterate the feelings that both the Senator from Washington and I have about this budget.

As we all know, this is the committee in the Senate which has oversight responsibility on all matters that require detailed investigation. The budget that has been adopted in past years, and I think the distinguished chairman of the committee (Mr. ERVIN) is aware of this because of his work in the area, returns to the Federal Government benefits worth many times the size of the budget. To cut a budget of this kind is like trying to save money by cutting the Internal Revenue Service, the General Accounting Office, or other auditing departments of the Government. When we go into a

major investigation, as we have in connection with the securities industry, and reveal a loss of roughly \$50 billion in stolen securities, the return to the Government and the American investing public is many times over. Consideration should be given to the relatively low cost of the investigation, and to the fact that it had to be carried on over a period of time and in a very thorough fashion.

A year ago it was pointed out that the minority staff of the subcommittee had been unable to carry out its share of the workload. We have seven employees and the workload is just as great on all the members. As the ranking minority member, last year it was found necessary to defer to the Senator from North Carolina and the Senator from Illinois concerning the problem of illegal no-knock raids in Collinsville, Ill. Eventually 12 individuals—8 Federal officers and 4 State officials were indicated. But the subcommittee simply did not have the staff to investigate a matter of that kind.

A staff assigned for purposes of this work in the State of Illinois was put on this matter and as a direct result of this investigation, when we did not have adequate staff on the subcommittee, we did demonstrate and prove the need for not only indictments to be handed down, but also legislation was offered to eliminate the no-knock provisions in the present law. The subcommittee should not be left with an inadequate staff.

The very modest increase requested was worked out over many months be-

tween the Senator from Washington and the Senator from Illinois. It is a very modest increase in the budget and its elimination would seriously handicap the work of this subcommittee.

I respectfully bring this to the attention of the chairman and the ranking minority member and I ask that reconsideration be given to this matter.

Mr. CANNON. If the Senator desires that this matter be deferred, I have no objection to it being deferred. The Committee on Rules and Administration is aware of the presentation the Senator makes on the floor. He made it in committee. We are not cutting the budget from the amount they received last year. They turned back \$25,000 last year. Now, they have a professional staff. I hate to see someone rise on the floor and say that they need staff for the minority or the majority. They have a professional staff on this subcommittee and they should not be minority or majority. They should serve Congress and they do that quite well. I have been assured previously by the chairman that they do. Certainly they are available for anyone who needs them. The \$25,082 that was turned back last year does not indicate to me that there was a shortage of personnel.

Mr. COOK. Mr. President, may I say to the chairman—and I find myself in a strange position, may I say to the Senator from Illinois—first, to take up the argument that it is a professional assignment, in the testimony on this matter, on page 39, relating to a request by the minority which would give them three additional employees, which was approved by the committee, the Senator from Washington (Mr. JACKSON) said:

Now, the addition here of 50,000 stems from a request by the Minority which will give them three additional employees and that was approved by the Committee. I would point out that the total number for the Majority remains the same. In the '73 budget we had 30, the Minority had 7, a total of 37. The supplemental of 26,000 provided for three, two for the Majority and one for the Minority.

The point I am trying to make is that the cost for additional money coming to us now is for money for the minority, but it seems to me there ought to be a fair distribution of the employees on the staff, and because they cannot be reduced on the majority side, we are continually asking to increase the minority staff.

When we looked at the budget, which is \$1,600,000 for the Commerce Committee, when we look at the total budget for the Committee on Agriculture and Forestry of \$220,000, when we look at the total budget for the Committee on Foreign Relations of \$708,000, when we look at the total for the Armed Services Committee, which is \$520,000, the point I am trying to make is that I understand the dilemma of the Senator from Illinois. I do not quite agree with my chairman, but I agree with the budget figures we fixed, because the majority and minority staffs and the percentage of the majority and minority staffs ought to be worked out within the committees and we should not always be in the position of asking the Rules and Administration Committee to

add more to resolve an inequitable and sad situation as it exists in the committee system.

Mr. PERCY. Mr. President, will the Senator yield on that point?

Mr. COOK. I yield.

Mr. PERCY. This is exactly where we were a year ago. It was suggested by the Senator from Nevada (Mr. CANNON), and I very much appreciated his suggestion, that we would try to work it out over a period of a year. But we reached the stage that when the minority asked for the assignment of investigators to investigate a national scandal of mistaken drug abuse raids with homes being broken into and Federal agents taking the law into their own hands as if they were the law themselves, and using illegal tactics against American citizens in the name of law and order. The majority looked at the workload and said there was no investigator available to be assigned. It was necessary to use staff from other committees to do the work of the Government Operations Committee.

Once again, the minority would be very happy to have the assignment of investigators. We have no people or specific persons in mind. We have professional requirements. The minority has agreed that no one will be hired who does not meet with the approval of the chairman of the subcommittee as well as the ranking minority member of the subcommittee; but it is not up to the minority to say to the majority, "You must cut back your workload."

The Senator from Washington (Mr. JACKSON) agreed that the best thing we could do was to ask for a modest 5-percent increase in the budget to provide the opportunity to make two investigators available for assignment to the four minority members of the subcommittee.

We have now had 1 year's experience. When legitimate requests for personnel for investigations were made, we were told simply they were unavailable because of the workload. Now we have a year's experience and we have no other alternative but to ask for funds because necessary, needed work is not being performed, and we are not fulfilling our function. The American people ought to know it and for the expenditure of a pittance, we will be able to accomplish a lot with several able investigators.

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

Mr. PERCY. I yield.

Mr. GRIFFIN. I want to comment and make sure the record is very clear that there is considerable disagreement with the statement of the chairman. Although I find myself on many occasions agreeing with the chairman, when it comes to the matter of minority staffing, there is very wide disagreement.

It seems to me that if there is any committee where the right of the minority to be adequately staffed should be recognized, it would be an investigating committee. It would be the last place I would expect a majority spokesman to say, "Well, you have a professional staff and the minority does not need any help."

I think after it was rather widely debated on the Senate floor, almost everybody, including the public and the press, came to the conclusion that the minority

ought to be adequately staffed on the Watergate Committee, which was conducting an investigation. How ridiculous it would have been if the minority had not been staffed, and it would be just as ridiculous here on the permanent Investigations Subcommittee not to have adequate staffing for the minority.

I share the views of the ranking minority member. I think it is terrible that we should impose on the taxpayers an increased cost as contained in the budget in order to get minority staffing, because there is over \$1 million provided and there are over 38 employees. There should be some way to work it out in committee without having to come to this committee and ask for additional funds.

But I cannot, for the life of me, see why we cannot have an agreement on minority staffing. Where are the people who are interested in the reform of Congress? Why are we not hearing more from those segments of the press that are so concerned about reform of Congress, about making sure that both sides in the Senate have an opportunity to make their case?

I commend the Senator from Illinois for taking his stand and making the fight. I wish there were more people who paid attention.

Mr. PERCY. I thank the Senator for his comment.

I think it would be simply impossible for the Senator from Illinois to shrug his shoulders, when he receives serious complaints of outrageous action taken in the State of Illinois that was a national scandal. We had testimony from the occupant of one home say if he had had a shotgun under his bed when 14 ragtag people trooped into his room, dressed like hippies, he would have killed every one of them.

When that investigation was carried out, which resulted in indictments and which resulted in a piece of legislation that the Senator from North Carolina (Mr. ERVIN) and I are sponsoring, to say we do not now have solid proof that the minority members have legitimate reasons for their request is difficult to believe. All we are asking is that two investigators be assigned to the minority.

If I could just comment on space. We ask for equity and fairness. We all know we are crowded in the Senate of the United States. I sometimes wonder what we are trying to prove and to whom when we see the piggies that we have to walk into. We look at this committee and we see it has 28 rooms assigned to the majority staff, and they need those rooms. I would not detract 1 square foot of that space. That space is some of the best used in the interest of the American taxpayer; but while all these years we have been talking about space, we still only have three small rooms assigned to the minority.

With regard to the Watergate Investigating Committee, the Senate determined that the minority has a responsibility in an investigation. It is very good, indeed, for the country when the majority and minority band together, as we have. We have worked harmoniously, we have worked cooperatively, on that committee; but the minority has nothing further to do when the request is made;

all we are told is that the committee has professional investigators we can use. The request for the additional money is a very sound one. To deny it would be like denying internal revenue agents, or U.S. auditing agents, funds so they could save the Government money.

Every one of those agencies makes money. And in this case the return is thousandfold from the investigations we have run. And we have investigations sitting there waiting and nothing being done on them simply because of the lack of personnel. This is a very foolish procedure to follow.

Mr. GRIFFIN. Mr. President, 43 percent of the Senate sits on the minority side of the Senate. What percentage of the staff on the Government Operations Committee is under the control of the minority, and if the request improved, what will it then be?

Mr. PERCY. The percentage on the permanent Investigations Subcommittee assigned to the minority is 17 percent. There are four Republicans and five Democrats on that committee. If this request were granted to the subcommittee, it would rise from 17 to 22 percent.

Mr. GRIFFIN. The minority hardly ever asks for more than one-third, even though we represent more than 40 percent of the U.S. Senate. The standard request is usually for one-third. There are very few committees in the Senate where the minority has anything approaching one-third of the staff representation.

Mr. PERCY. There is not a single case where it does not happen that year after year there is a demonstrated, proven need for the investigations. Look at the investigation run on the disposal of surplus military property. What scandals were created in that affair. Contractors were billing the U.S. Government for equipment in Europe and Vietnam. We blew holes in the procedures a mile wide. We had to demonstrate the terrible business procedures being used and how the taxpayers' money was being kissed away through the sale of surplus material. Many times this was brandnew material. The contractors would collude with contracting agents.

That is not the way to save the taxpayers' money.

As I mentioned before the distinguished assistant minority leader came on the floor, the investigation made of the \$50 billion securities matter that has meant the downfall of smaller and larger banking firms, required a lot of investigation. For us to try to save money in this matter is to kid the American people.

I, as the ranking minority member of the subcommittee, would have to say that we will not be able to fulfill our responsibility. I do not think that we have that ability when a request made for a simple investigation involving the basic rights guaranteed by our Constitution means that we will be told, "No. We are sorry, but we cannot assign any people to you."

This is an exceedingly vital matter. This is not the place in which to save

money. I think it is an utterly self-defeating effort.

Mr. CANNON. Mr. President, I would like to ask the distinguished chairman of the committee, the Senator from Washington (Mr. JACKSON) if it is not correct that the investigators on the subcommittee staff work for both the majority and minority members?

Mr. JACKSON. They are all available to the majority and minority members.

Mr. CANNON. The staff is.

Mr. JACKSON. The Senator is correct. The chairman of the committee had one of them assigned during the special investigation that was undertaken by the Committee on Rules and Administration.

Mr. CANNON. They are assigned and hired without regard to which particular party they may belong to or whom they may desire to work for.

Mr. JACKSON. The Senator is correct.

Mr. CANNON. Mr. President, the distinguished Senator from Illinois, I know, inadvertently made the statement that they had less than 17 percent of the staff assigned to the minority. That is simply not correct. I have here a list of those on the payroll for the entire subcommittee. I will later have that printed in the RECORD. It indicates that there are 36 people on the payroll as of January. Ten of the people were specifically assigned to the minority. That means that within a very small fraction, about 30 percent of the total investigators, all highly specialized people, were assigned without regard to political party of affiliation.

Mr. PERCY. Mr. President, I think the Senator from Illinois incorrect. He should have said that he was speaking in terms of percentage of the budget and not number of people. We are talking in terms of the money in the budget, not the number of people. I think we normally think in terms of a fair allocation of the available funds.

May I also comment on the fact that although it is true that the minority approves an investigation, the minority does not have investigators available for assignment. Last year when a request was made for investigators for the problems involved in the no-knock and illegal break-ins by drug officers, the majority refused the minority request, which was the only request made that year by the minority for an investigation.

I do not think that procedure should prevail in the future. The minority cannot carry out its functions unless it has trained investigators assigned and can do in its own judgment what is necessary to be done, any more than the Watergate Committee could have carried out its functions and responsibilities if it had no trained people available for assignment.

Mr. CANNON. Mr. President, I ask unanimous consent that the payroll record that I have referred to be printed in the RECORD.

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

JACQUELINE G. ABELMAN ET AL., PAYROLL FOR THE MONTH OF JANUARY 1974

[For services rendered the Senate Permanent Subcommittee on Investigations of the Committee on Government Operations, under authority of sec. 4, S. Res. 46, agreed to Feb. 26, 1973]

Name and designation	Gross annual salary	Gross earned during month
Abelman, Jacqueline G., clerical assistant to the minority	\$12,825	\$1,068.75
Anderson, Phyllis W., assistant clerk	10,545	878.75
Asselin, Frederick J., investigator	33,060	2,755.00
Baich, Yvonne N., assistant clerk	8,335	735.25
Blakley, Sandra A., clerical assistant to the minority	13,395	1,116.25
Casad, Richard D., investigator	31,635	2,636.25
Clark, Mary K., clerical assistant to the minority	9,120	760.00
Coleman, Neil S., minority staff assistant	2,850	237.50
Crandall, Roland L., staff editor	21,945	1,828.75
Duffy, LaVern J., assistant counsel	33,060	2,755.00
Feldman, Howard J., chief counsel	35,910	2,992.50
Ford, Judith C., assistant clerk	9,120	760.00
Fosdick, Dorothy, professional staff director	34,770	2,897.50
Gallinaro, William B., investigator	28,785	2,398.75
Halbeisen, Rita M., clerical assistant to the minority	9,975	831.25
Horner, Charles E., professional staff member	18,810	1,567.50
Kennedy, Rosemary K., assistant clerk	15,105	1,258.75
Knauf, William M., investigator	22,515	1,876.25
Kothe, Alison V., clerical assistant to the minority	8,835	736.25
Lyton, William B., III, minority professional staff member	16,245	1,353.75
Madden, Raphael J., research assistant	9,120	760.00
Manuel, Philip R., investigator	33,060	2,755.00
McCormack, Hannah S., special counsel to the minority	19,095	1,551.25
Olson, Sara L., assistant clerk	15,105	1,258.75
Perle, Richard N., professional staff member	26,790	2,232.50
Reibstein, Hilda, assistant clerk	5,415	451.50
Silber, Bettina, professional staff member	16,815	1,401.25
Sloan, Robert D., special counsel to the minority	15,390	1,282.50
Spahr, Judith J., professional staff clerk	15,960	1,330.00
Stater, Stuart M., chief counsel to the minority	31,635	2,636.25
Steward, Rosemary T., assistant clerk	11,685	973.75
Switzer, Mildred L., assistant clerk	15,105	1,258.75
Sylvester, Sandra L., assistant clerk	9,690	807.50
Walsh, John J., investigator	33,060	2,755.00
Watt, Ruth Young, chief clerk	23,370	1,947.50
Reed, Madelon K., professional staff member, from Jan. 3	14,820	1,152.66

<sup>1</sup> Adjustment to withhold for optional FEGLI (code 973) for the period Aug. 13, 1973 to Dec. 31, 1973.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The Committee on Government Operations is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$20,000 for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$2,049,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended) in accordance with succeeding sections of this resolution.

SEC. 4. (a) Not to exceed \$1,006,000 shall be available for a study or investigation of—

(1) The efficiency and economy of operations of all branches of the Government including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices, waste, extravagance, conflicts of interest, and the improper expenditure of Government funds in transactions, contracts, and activities of the Government or of Government officials and employees and any and all such improper practices between Government personnel and corporations, individuals, companies, or persons affiliated therewith, doing business with the Government; and the compliance or noncompliance of such corporations, companies, or individuals or other entities with the rules, regulations, and laws governing the various governmental agencies and its relationships with the public: *Provided*, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

(2) The extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities;

(3) Syndicated or organized crime which may operate in or otherwise utilize the facilities of interstate or international commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations, or other entities by whom such utilization is being made, what facilities, devices, methods, techniques, and technicalities are being used or employed, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of the law of the United States or the laws of any State, and further, to study and investigate the manner in which and the extent to which persons engaged in organized criminal activities have infiltrated into lawful business enterprise; and to study the adequacy of Federal laws to prevent the operations of organized crime in interstate or international commerce, and to determine whether any changes are required in the laws of the United States in order to protect the public against the occurrences of such practices or activities;

(4) All other aspects of crime and lawlessness within the United States which have

an impact upon or affect the national health, welfare, and safety;

(5) Riots, violent disturbances of the peace, vandalism, civil and criminal disorder, insurrection, the commission of crimes in connection therewith, the immediate and longstanding causes, the extent and effects of such occurrences and crimes, and measures necessary for their immediate and long-range prevention and for the preservation of law and order and to insure domestic tranquillity within the United States; and

(6) The efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(A) the effectiveness of present national security methods, staffing, and processes as tested against the requirements imposed by the rapidly mounting complexity of national security problems;

(B) the capacity of present national security staffing, methods, and processes to make full use of the Nation's resources of knowledge, talents, and skills;

(C) the adequacy of present intergovernmental relationships between the United States and international organizations principally concerned with national security of which the United States is a member; and

(D) legislative and other proposals to improve these methods, processes, and relationships;

(7) The efficiency, economy, and effectiveness of all agencies and departments of the Government involved in the control and management of energy shortages including, but not limited to, their performance with respect to—

(A) the collection and dissemination of accurate statistics on fuel demand and supply;

(B) the implementation of effective energy conservation measures;

(C) the pricing of energy in all forms;

(D) coordination of energy programs with State and local government;

(E) control of exports of scarce fuels;

(F) the management of tax, import, pricing, and other policies affecting energy supplies;

(G) maintenance of the independent sector of the petroleum industry as a strong competitive force;

(H) the allocation of fuels in short supply by public and private entities;

(I) the management of energy supplies owned or controlled by the Government;

(J) relations with other oil producing and consuming countries;

(K) the monitoring of compliance by governments, corporations, or individuals with the laws and regulations governing the allocation, conservation, or pricing of energy supplies;

(L) research into the discovery and development of alternative energy supplies.

*Provided*, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

of which amount not to exceed \$20,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Nothing contained in this section shall affect or impair the exercise by any other standing committee of the Senate of any power, or the discharge by such committee of any duty, conferred or imposed upon it by the Standing Rules of the Sen-

ate or by the Legislative Reorganization Act of 1946, as amended.

(c) For the purpose of this section the committee, or any duly authorized subcommittee thereof, or its chairman, or any other member of the committee or subcommittee designated by the chairman, from March 1, 1974, through February 28, 1975, is authorized, in its, his, or their discretion, (1) to require by subpena or otherwise the attendance of witnesses and production of correspondence, books, papers, and documents, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to administer oaths, and (5) take testimony, either orally or by sworn statement.

SEC. 5. Not to exceed \$360,000 shall be available for a study or investigation of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86-380, approved by the President on September 24, 1959, as amended by Public Law 89-733, approved by the President on November 2, 1966; of which amount not to exceed \$10,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 6. Not to exceed \$344,000 shall be available for a study or investigation of the efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(1) the effects of laws enacted to reorganize the executive branch of the Government, and to consider reorganizations proposed therein;

(2) the operations of research and development programs financed by the departments and agencies of the Federal Government, and the review of those programs now being carried out through contracts with higher educational institutions and private organizations, corporations, and individuals in order to bring about Government-wide coordination and elimination of overlapping and duplication of scientific and research activities; and

(3) the adequacy of present intergovernmental relationships between the United States and international organizations, exclusive of those principally concerned with national security, of which the United States is a member; of which amount not to exceed \$30,000 may be expended for the procurement of services of individual consultants or organizations thereof.

SEC. 7. (a) Not to exceed \$189,000 shall be available for a study and investigation of any and all matters pertaining to budget and accounting measures and operations, other than appropriations, including but not limited to—

(1) the formulation of the budget (including supplemental and deficiency appropriations) and its submission and justification to Congress;

(2) the review and authorization of budget obligations and expenditures by the Congress;

(3) the execution and control of such authorized obligations and expenditures;

(4) the accounting, financial reporting, and auditing of all Government expenditures; and

(5) the evaluation of Federal program performance and fiscal information and management capability; of which amount not to exceed \$15,000 may be expended for the procurement of the

services of individual consultants or organizations thereof.

(b) Such study and investigation shall be limited to budgeting and accounting measures and operations of the Federal Government, and shall not be extended to the operations of any State or local government, any business or other private organization, or any individual, except that information with respect to these parties may be obtained on a voluntary basis.

SEC. 8. Not to exceed \$150,000 shall be available for a study or investigation of Government procurement practices (including a review of recommendations submitted to Congress by the Commission on Government Procurement), of which amount not to exceed \$15,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 9. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 10. Expenses of the committee under this resolution, which shall not exceed in the aggregate \$2,069,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### AUTHORIZING ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 675, Senate Resolution 268.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 268) authorizing additional expenditures by the Committee on Government Operations for routine purposes.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. Mr. President this was requested by the Senator from North Carolina (Mr. ERVIN). It is an addition to the funds allowed for the full committee, adding \$10,000 in addition to the regular \$10,000 reported by the committee. The request is supported by Senator ERVIN as chairman, and I move that it be approved.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

Resolved, That the Committee on Government Operations is authorized to expend from the contingent fund of the Senate, during the Ninety-third Congress, \$10,000 in addition to the amount, and for the same purposes, specified in section 184(a) of the Legislative Reorganization Act of 1946.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON AGRICULTURE AND FORESTRY FOR INQUIRIES AND INVESTIGATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 680, Senate Resolution 236.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 236) authorizing additional expenditures by the Committee on Agriculture and Forestry for inquiries and investigations.

Mr. CANNON. This resolution would authorize the Committee on Agriculture and Forestry to expend not to exceed \$220,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$212,000 for that purpose. The committee estimates it will return approximately \$30,000 of that amount to the Treasury.

The pending request includes an increase of \$8,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 236 without amendment.

Senator TALMADGE is chairman of the Committee on Agriculture and Forestry, and Senator CURTIS is its ranking minority member.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to, as follows:

#### S. Res. 236

Resolved, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 184(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Agriculture and Forestry, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed \$220,000, of which amount (1) not to exceed \$16,900 may be expended for the procurement of the services of individual consultants, or organizations thereof, (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES FOR THE COMMITTEE ON ARMED SERVICES

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 681, Senate Resolution 270.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

A resolution (S. Res. 270) authorizing additional expenditures by the Committee on Armed Services for inquiries and investigations.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. This resolution would authorize the Committee on Armed Services to expend not to exceed \$520,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$520,000 for that purpose. The committee estimates it will return approximately \$141,000 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 270 without amendment.

Senator STENNIS is chairman of the Committee on Armed Services, and Senator THURMOND is its ranking minority member.

I ask unanimous consent that a statement by Senator THURMOND be printed in the Record at this point.

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

#### STATEMENT BY SENATOR THURMOND

I rise in support of Senate Res. 270 which would provide spending authority of \$520,000 for the Committee on Armed Services.

These funds represent the amount on which the Committee operated last year. It is to be used for inquiries and investigations for the 12-month period beginning March 1, 1974.

Mr. President, as the Ranking Minority Member, I concur in this request and have so informed the Committee on Rules and Administration. Despite the growing responsibilities of our Committee, I would like to point out that the Senate Armed Services is one of the three committees which will operate during the next twelve months at the same level of funding as for the past twelve months.

Mr. President, as the Senate knows, one of the major responsibilities of the Armed Services Committee is the annual Military Procurement Authorization Bill. This single piece of legislation requires many hours of hearings and investigation by the Members of the Committee, supported by the staff. In addition, the Committee has before it other important legislation requiring considerable preparation effort.

Mr. President, it is my hope the Senate will concur in the request of our Chairman and will approve our funds as outlined in its Resolution 270.

Mr. HARRY F. BYRD, JR. Mr. President, in the temporary absence of the chairman of the Committee on Armed Services (Mr. STENNIS), I should like to say a few words in regard to Senate Resolution 270 which would provide spending authority of \$520,000 for the Committee on Armed Services for inquiries and investigations for the 12-month period beginning March 1, 1974. This resolution was unanimously approved by the Committee on Armed Services and is fully supported by the ranking minority member, Senator THURMOND.

Senate Resolution 270 provides \$520,000 for inquiries and investigations for the Committee on Armed Services for the period March 1, 1974, to February 28, 1975. This is the exact same amount that was requested and authorized last year.

The same number of staff personnel previously authorized is continued in the new budget at the increased pay levels put in effect last year but offsetting reductions in amounts requested for consultants, travel, contingency, and some hearing expenses make it possible to hold the line to last year's total of \$520,000.

Authorization is requested for a total of 18 staff personnel—10 professional, 1 research and 7 clerical, this is the same number that was requested and authorized last year. This level of staffing is considered adequate for the coming year, although there may be the necessity for increased use of expert consultants on specific matters on a "when actually employed" basis.

The inquiries and investigations function has been further oriented toward direct support of the full committee. The Armed Services Committee, its Subcommittees on Research and Development, chaired by Senator McINTYRE, and Tactical Air Power, chaired by Senator CANNON, and the committee staff are hard at work now scheduling and holding hearings, evaluating and analyzing the fiscal year 1975 military procurement authorization request. The Department of Defense request not only includes over \$23.1 billion in research and development and weapons procurement, which require authorization, but also authorizes the active duty and selected reserve manpower levels for the armed services for the next fiscal year.

In addition, this year, for the first time, the civilian employee level for the Department of Defense will be authorized. About 56 percent of the total budget authority of \$92.9 billion requested for defense is for pay, allowances, and other closely related manpower costs. In addition, the request for supplemental funds for defense for fiscal year 1974 includes \$1.2 billion which must be authorized for research and development and weapons procurement. It is absolutely essential that an adequate staff with consultants, if necessary, be employed to properly analyze, study, and consider this request so as to assist and enable the committee to reach an informed judgment on this and the multiplicity of other legislative matters referred to it.

This staff also assists the committee with general investigations and inquiries, and with specific studies with respect to other important legislation referred to the committee. Its inquiries and investigations cover a wide range of military programs, policies, and problems.

In addition to making detailed studies, examinations, and analyses of research and development and military hardware procurement requests, the staff also works on general legislation. A substantial amount of which is concerned

with military pay, allowances, and benefits.

I believe I should stress the scope and complexity of the annual military authorization bill. It includes authorization for research and development, for military hardware procurement, and for the military and civilian manpower levels of the various services. For example, for fiscal year 1971 the request, exclusive of military construction, was approximately \$20.6 billion and, as a result of the work done by the additional men employed, the hearings before the full committee and its subcommittees, and the fine work of the committee's regular staff, the committee recommended a reduction of \$1.4 billion.

In fiscal year 1972, the authorization request was about \$22.2 billion and the bill as reported to the Senate recommended a reduction of approximately \$1.1 billion. For fiscal year 1973 the bill as amended requested about \$23.3 billion, exclusive of military construction for Safeguard. The committee recommended a reduction of about \$2.1 billion. For fiscal year 1974, the authorization bill for procurement and R. & D. was \$22 billion and the bill recommended to the Senate was \$20.9, a reduction of about \$1.1 billion.

I think I should point out also, Mr. President, that the authorization requests presented to our committee involve amounts substantially more than the aggregate of the authorizations requested for all of the other departments of the Government. Some Departments, such as HEW, do not require an authorization on a condition for obtaining appropriations. This refers to those authorizations which are required before appropriations can be made. This means that our relatively small staff is responsible for a greater amount of authorization than the total of the authorization bills for all other governmental departments combined.

For example, the total amount requested for authorization for research and development, military procurement and military construction for fiscal year 1970 was \$25.2 billion. All other authorizations for that year totaled only \$12.7 billion.

For fiscal year 1971, \$22.4 billion was requested for research and development, military procurement, and military construction. For all other bills the amount was \$11.9 billion.

For fiscal year 1972, military authorization requests including construction totaled \$24 billion; the aggregate authorization request for all other departments was \$14.1 billion.

For fiscal year 1973, authorization requests to the committee were \$26.3 billion or about \$5 billion more than requests for all other departments. For fiscal year 1974, authorization requests to the committee totaled \$24.9 billion. For all other departments the fiscal year 1974 authorization request was \$21.1 billion.

As I have already mentioned, the fiscal year 1975 authorization request for research and development and hardware

procurement alone totals about \$23.1 billion. This does not include the military construction authorization request of about \$3.3 billion, nor does it include fiscal year 1974 supplemental authorization requests of \$1.3 billion. For all other departments the fiscal year 1975 authorization request is about \$18 billion.

I would close, Mr. President, by pointing out that significant amounts of funds have been unexpended and returned by the committee for each of the past 12 years. At the conclusion of the current budget year approximately \$141,000 will be returned. This consistent record of not spending all the money provided to us indicates the austerity and economy with which the expenditures of committee funds have been controlled.

On the record which we have made, I think it should be agreed that we have been extremely frugal and economical in our operations and, in view of the complex subject matters with which we deal, the huge amounts involved and the resulting necessity for professional, trained and expert personnel, the request for \$520,000 is justified. I urge the Senate to approve this request.

Mr. President, I commend the chairman of the Committee on Armed Services, the distinguished Senator from Mississippi (Mr. STENNIS), and the ranking minority member, the distinguished Senator from South Carolina (Mr. THURMOND), and also the chief counsel of the committee, Mr. Edward Brazwell, for the efficient way in which the Committee on Armed Services is staffed and run.

I heard some comment a little while ago about minority staff members, and a professional staff for the minority and a professional staff for the majority. I did not know we had such things. So far as I know, in the Committee on Armed Services there is no professional staff for the majority, and there is no professional staff for the minority. There is a professional staff which serves the committee. I feel that that is a very desirable method of procedure. Certainly it has been desirable for the Committee on Armed Services.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Armed Services, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The Committee on Armed Services is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$25,000, for the procurement of the services

of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The Committee on Armed Services, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$495,000, to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries in accordance with such succeeding sections of this resolution.

Sec. 4. Not to exceed \$346,000 shall be available for a general study or investigation of—

- (1) the common defense generally;
- (2) the Department of Defense, the Department of the Army, the Department of the Navy, and the Department of the Air Force generally;
- (3) soldiers' and sailors' homes;
- (4) pay, promotion, retirement, and other benefits and privileges of members of the Armed Forces;
- (5) selective service;
- (6) the size and composition of the Army, Navy, and Air Force;
- (7) forts, arsenals, military reservations, and navy yards;
- (8) ammunition depots;
- (9) the maintenance and operation of the Panama Canal, including the administration, sanitation, and government of the Canal Zone.
- (10) conservation, development, and use of naval petroleum and oil shale reserves;
- (11) strategic and critical materials necessary for the common defense; and
- (12) aeronautical and space activities peculiar to or primarily associated with the development of weapons systems or military operations.

Sec. 5. Not to exceed \$149,000 shall be available for studies and investigations pertaining to military readiness and preparedness for the common defense generally.

Sec. 6. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 7. Expenses of the committee under this resolution, which shall not exceed in the aggregate \$520,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### SENATE RESOLUTION 240 PASSED OVER

Mr. CANNON. Mr. President, I have had a request that Calendar No. 682, Senate Resolution 240, be deferred for today. I ask unanimous consent that it be passed over.

The PRESIDING OFFICER. Without objection, the resolution will be passed over.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON COMMERCE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 683, Senate Resolution 262.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 262) authorizing additional expenditures by the Committee on Commerce for inquiries and investigations.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 262), which had been reported by the Committee on Rules and Administration with an amendment, on page 2, line 4, after the word "exceed", strike out "\$1,922,478" and insert "\$1,643,800".

Mr. CANNON. This resolution would authorize the Committee on Commerce to expend not to exceed \$1,922,478 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$1,375,000 for that purpose. The committee estimates it will return approximately \$10,000 of that amount to the Treasury.

The pending request includes an increase of \$547,478 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 262 by reducing the requested amount from \$1,922,478 to \$1,643,800, a reduction of \$278,678.

Senator MAGNUSON is chairman of the Committee on Commerce and Senator COTTON is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

Mr. COOK. Mr. President, let me say that \$200,000 of this increase is pursuant to Senate Resolution 222, which calls for a study of the ocean bottoms. Otherwise, this budget would have been very similar to the budget last year, and I think I speak for the chairman when I say we probably would have approved this budget at a level completely consistent with the level that the Committee on Commerce had last year, but the reason for the biggest percentage of the increase, and I wanted the record to show that, was the subject of a resolution passed unanimously by the Senate, which I think was offered and cosponsored by some 54 Members of the Senate, which called for this particular study, and as a result of that, the allocation of \$200,000 of the increase is intended for this study, which will be done in connection with the National Oceanographic and Atmospheric Agency.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Commerce, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$1,643,800, of which amount not to exceed \$60,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON THE DISTRICT OF COLUMBIA

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 684, Senate Resolution 256.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 256) authorizing additional expenditures by the Committee on the District of Columbia for inquiries and investigations.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. CANNON. This resolution would authorize the Committee on the District of Columbia to expend not to exceed \$175,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$170,000 for that purpose. The committee estimates it will return approximately \$32,000 of that amount to the Treasury.

The pending request includes an increase of \$5,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 256 without amendment.

Senator EAGLETON is chairman of the Committee on the District of Columbia, and Senator MATHIAS is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to, as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on the District of Columbia, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$175,000, of which amount (1) not to exceed \$1,500 may be expended for the procurement of the services of individual consultants, or organizations thereof (as authorized by sec-

tion 202(1) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed \$500 may be expended for the training of the professional staff of such committee, or any subcommittee thereof (under procedures specified by section 202(1) of such Act).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON FOREIGN RELATIONS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 685, Senate Resolution 241.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 241) authorizing additional expenditures by the Committee on Foreign Relations for a study of matters pertaining to the foreign policy of the United States.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider resolution (S. Res. 241), the resolution, which had been reported by the Committee on Rules and Administration with an amendment on page 2, line 5, after the word "exceed", strike out "\$840,000" and insert "\$708,000".

Mr. CANNON. This resolution would authorize the Committee on Foreign Relations to expend not to exceed \$840,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$675,000 for that purpose. The committee estimates it will return approximately \$50,000 of that amount to the Treasury.

The pending request includes an increase of \$165,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 241 by reducing the requested amount from \$840,000 to \$708,800, a reduction of \$131,200.

Senator FULBRIGHT is chairman of the Committee on Foreign Relations and Senator AIKEN is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing

Rules of the Senate, the Committee on Foreign Relations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

SEC. 2. The expenses of the committee under this resolution shall not exceed \$708,800 of which amount not to exceed \$75,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

SEC. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 687, Senate Resolution 245.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

A resolution (S. Res. 245) authorizing additional expenditures by the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the resolution (S. Res. 245), which had been reported by the Committee on Rules and Administration with an amendment on page 2, beginning with line 16, strike out:

SEC. 3. To assist the committee in a study of national fuels and energy policy pursuant to Senate Resolution 45, agreed to May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce and Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of that committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the committee for the purpose of conducting the fuels and energy policy study.

And insert in lieu thereof:

SEC. 3. (a) The committee shall continue the study of national fuels and energy policy authorized pursuant to S. Res. 45, agreed to on May 3, 1971. In carrying out the purposes authorized by S. Res. 45, the committee shall make—

(i) a full and complete investigation and study (including the holding of public hearings in appropriate parts of the Nation) of the current and prospective fuel and energy resources and requirements of the United States and the present and probable future alternative procedures and methods for meeting anticipated requirements, consistent with achieving other national goals,

including the high priorities—national security and environmental protection; and

(ii) a full and complete investigation and study of the existing and prospective governmental policies and laws affecting the fuels and energy industries with the view of determining what, if any, changes and implementation of these policies and laws may be advisable in order to simplify, coordinate, and provide effective and reasonable national policy to assure reliable and efficient sources of fuel and energy adequate for a balanced economy and for the security of the United States, taking into account: the Nation's environmental concerns, the investments by public and private enterprise for the maintenance of reliable, efficient, and necessary related industries, and the need for maintenance of an adequate force of skilled workers.

(b) In carrying out the investigations set forth in S. Res. 45, agreed to on May 3, 1971, the committee shall, in addition to such other matters as it may deem necessary, give consideration to—

(i) the proved and predicted availabilities of our national fuel and energy resources in all forms and factors pertinent thereto, as well as to worldwide trends in consumption and supply;

(ii) projected national requirements for the utilization of these resources for energy production and other purposes, both to meet short range needs and to provide for future demand for the years 2000 and 2020;

(iii) the interests of the consuming public, including the availability in all regions of the country of an adequate supply of energy and fuel at reasonable prices and including the maintenance of a sound competitive structure in the supply and distribution of energy and fuel to both industry and the public;

(iv) technological developments affecting energy and fuel production, distribution, transportation, and/or transmission, in progress and in prospect, including desirable areas for further exploration and technological research, development, and demonstration;

(v) the effect that energy producing, transportation, upgrading, and utilization has upon conservation, environmental, and ecological factors, and vice versa;

(vi) the effect upon the public and private sectors of the economy of any recommendations made under this study, and of existing governmental programs and policies now in effect;

(vii) the effect of any recommendations made pursuant to this study on economic concentrations in industry, particularly as these recommendations may effect small business enterprises engaged in the production, processing, and distribution of energy and fuel;

(viii) governmental programs and policies now in operation, including not only their effect upon segments of the fuel and energy industries, but also their impact upon related and competing sources of energy and fuel and their interaction with other governmental goals, objectives, and programs; and

(ix) the need, if any, for legislation designed to effectuate recommendations in accordance with the above and other relevant considerations, including such proposed amendments to existing laws as necessary to integrate existing laws into an effective long-term fuels and energy program.

(c) In furtherance of the purposes of S. Res. 45, agreed to on May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce, on Finance, on Foreign Relations, and on Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Ener-

gy, or Senate members of the committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the Committee for the purpose of conducting the National Fuels and Energy Policy Study.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Interior and Insular Affairs to expend not to exceed \$475,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the Committee was authorized to expend not to exceed \$475,000 for that purpose. The committee estimates it will return approximately \$1,000 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 245 with a technical amendment, which has the support and approval of the Interior Committee.

Senator JACKSON is chairman of the Committee on Interior and Insular Affairs and Senator FANNIN is its ranking minority member.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the resolution, as amended.

Mr. JACKSON. Mr. President, I just want to say that we appreciate very much the action of the Rules Committee. We are also operating under Senate Resolution 45, which is being modified under the direction of the Senator from West Virginia (Mr. RANDOLPH), that being the resolution calling for the fuels and energy study. We are doing that part of it also under this appropriation. I just wanted to add that supplemental statement.

That was the nature of the amendment, was it not?

Mr. CANNON. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing to the resolution (S. Res. 245) as amended.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Interior and Insular Affairs, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency, and (4) to consent to the assignment of personnel of other committees of the Senate to assist in carrying out the purposes of section 3 of this resolution. Travel and other expenses, other than salary, of any personnel from other committees assigned to the committee pursuant to this paragraph for the purposes of section 3 of this resolution may be paid under this resolution.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$475,000, of which amount (1) not to exceed \$25,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. (a) The committee shall continue the study of national fuels and energy policy authorized pursuant to S. Res. 45, agreed to on May 3, 1971. In carrying out the purposes authorized by S. Res. 45, the committee shall make—

(1) a full and complete investigation and study (including the holding of public hearings in appropriate parts of the Nation) of the current and prospective fuel and energy resources and requirements of the United States and the present and probable future alternative procedures and methods for meeting anticipated requirements, consistent with achieving other national goals, including the high priorities—national security and environmental protection; and

(2) a full and complete investigation and study of the existing and prospective governmental policies and laws affecting the fuels and energy industries with the view of determining what, if any, changes and implementation of these policies and laws may be advisable in order to simplify, coordinate, and provide effective and reasonable national policy to assure reliable and efficient sources of fuel and energy adequate for a balanced economy and for the security of the United States, taking into account: the Nation's environmental concerns, the investments by public and private enterprise for the maintenance of reliable, efficient, and adequate sources of energy and fuel and necessary related industries, and the need for maintenance of an adequate force of skilled workers.

(b) In carrying out the investigations set forth in S. Res. 45, agreed to on May 3, 1971, the committee shall, in addition to such other matters as it may deem necessary, give consideration to—

(i) the proved and predicted availabilities of our national fuel and energy resources in all forms and factors pertinent thereto, as well as to worldwide trends in consumption and supply;

(ii) projected national requirements for the utilization of these resources for energy production and other purposes, both to meet short range needs and to provide for future demand for the years 2000 and 2020;

(iii) the interests of the consuming public, including the availability in all regions of the country of an adequate supply of energy and fuel at reasonable prices and including the maintenance of a sound competitive structure in the supply and distribution of energy and fuel to both industry and the public;

(iv) technological developments affecting energy and fuel production, distribution, transportation, and/or transmission, in progress and in prospect, including desirable areas for further exploration and technological research, development, and demonstration;

(v) the effect that energy producing, transportation, upgrading, and utilization has upon conservation, environmental, and ecological factors, and vice versa;

(vi) the effect upon the public and private sectors of the economy of any recommendations made under this study, and of existing governmental programs and policies now in effect;

(vii) the effect of any recommendations made pursuant to this study on economic concentrations in industry, particularly as these recommendations may affect small business enterprises engaged in the production, processing, and distribution of energy and fuel;

(viii) governmental programs and policies now in operation, including not only their effect upon segments of the fuel and energy industries, but also their impact upon related and competing sources of energy and fuel and their interaction with other governmental goals, objectives, and programs; and

(ix) the need, if any, for legislation designed to effectuate recommendations in accordance with the above and other relevant considerations, including such proposed amendments to existing laws as necessary to integrate existing laws into an effective long-term fuels and energy program.

(c) In furtherance of the purposes of S. Res. 45, agreed to on May 3, 1971, the chairman and ranking minority member of each of the Committees on Commerce, on Finance, on Foreign Relations, on Government Operations, on Labor and Public Welfare, and on Public Works, or members of such committees designated by such chairmen and ranking minority members to serve in their places, and the ranking majority and minority Senate members of the Joint Committee on Atomic Energy, or Senate members of the committee designated by such ranking majority and minority Senate members to serve in their places, shall participate and shall serve as ex officio members of the Committee for the purpose of conducting the National Fuels and Energy Policy Study.

Sec. 4. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON LABOR AND PUBLIC WELFARE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 689, Senate Resolution 259.

The PRESIDING OFFICER (Mr. HUDDLESTON). The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 259, authorizing additional expenditures by the Committee on Labor and Public Welfare for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Labor and Public Welfare to expend not to exceed \$1,700,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$1,700,000 for that purpose. The committee estimates it will return approximately \$195,112 of that amount to the Treasury.

The pending request includes no increase over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 259 without amendment.

Senator WILLIAMS is chairman of the Committee on Labor and Public Welfare, and Senator JAVITS is its ranking minority member.

The resolution was agreed to, as follows:

S. RES. 259

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Labor and Public Welfare, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$1,700,000 of which amount (1) not to exceed \$140,000 shall be available for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202 (1) of the Legislative Reorganization Act of 1946, as amended), and (2) not to exceed \$1,000,000 may be expended for the training of the professional staff of such committee, or any subcommittee thereof (under procedures specified by section 202(j) of such Act).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENSES FOR COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 690, Senate Resolution 264.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 264, to provide for additional expense for the Committee on Post Office and Civil Service.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Post Office and Civil Service to expend not to exceed \$235,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$275,000 for that purpose. The committee estimates it will return approximately \$38,000 of that amount to the Treasury.

The pending request is a decrease of \$40,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 264 without amendment.

Senator McGEE is chairman of the Committee on Post Office and Civil Service, and Senator FONG is its ranking minority member.

The resolution was agreed to, as follows:

*Resolved*, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(e) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Post Office and Civil Service, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$235,000.

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE COMMITTEE ON VETERANS' AFFAIRS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 692, Senate Resolution 250.

The PRESIDENT pro tempore. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 250, authorizing additional expenditures by the Committee on Veterans' Affairs for inquiries and investigations.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which has been reported from the Committee on Rules and Administration with an amendment, on page 2, line 5, after the word "exceed", strike out "\$275,000" and insert "\$221,000".

Mr. CANNON. Mr. President, this resolution would authorize the Committee on Veterans' Affairs to expend not to exceed \$275,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$210,000 for that purpose. The committee estimates it will return approximately \$25,000 of that amount to the Treasury.

The pending request includes an increase of \$65,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 250 by reducing the requested amount from \$275,000 to \$221,000, a reduction of \$54,000.

Senator HARTKE is chairman of the Committee on Veterans' Affairs and Senator HANSEN is its ranking minority member.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Veterans' Affairs, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The expenses of the committee under this resolution shall not exceed \$221,000, of which amount not to exceed \$50,000 may be expended for the procurement of the services of individual consultants or organizations thereof (as authorized by section 202 (1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE SELECT COMMITTEE ON SMALL BUSINESS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 693, Senate Resolution 263.

The PRESIDING OFFICER (Mr. BARTLETT). The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 263, authorizing additional expenditures by the Select Committee on Small Business.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Rules and Administration with an amendment, on page 2, in line 18, strike out "\$192,000" and insert in lieu thereof "\$168,000".

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Small Business to expend not to exceed \$192,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the Select Committee was authorized to expend not to exceed \$160,000 for that purpose. The Select Committee estimates it will return approximately \$16,271 of that amount to the Treasury.

The pending request includes an increase of \$32,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 263 by reducing the requested amount from \$192,000 to \$168,000, a reduction of \$24,000.

Senator BIBLE is chairman of the Select Committee on Small Business, and Senator JAVITS is its ranking minority member.

Mr. BIBLE. Mr. President, will my colleague yield for an observation?

Mr. CANNON. I am happy to yield to my colleague from Nevada.

Mr. BIBLE. Mr. President, as my colleague from Nevada will recall when I presented this case before him as chairman of the Rules Committee, I indicated I thought they had been very fair last year. I think this is a fair resolution of the problem this year.

The only point I want to make is this: In earlier years, we had more hearing days than we did either last year or the year before that.

Mr. President, I should like to have it understood that if there is a demand to have additional hearing days, we can come back and present a request for that amount. There is no way I can project it now, to say whether there will be additional hearing days or whether there will not be additional hearing days beyond the 20 days of 1973.

I think it was in 1969 that our committee held 43 days of hearings, 70 days in 1970, 27 days in 1972, and 20 days in 1973. A greater number of hearing days than our funding permits may be required again, because the small business committee is working in many fields. Our work has been complicated and increased, as has the work of many other committees, by the energy crisis.

Additionally last year, as a direct outgrowth of committee hearings, 26 bills and 2 resolutions were introduced by committee members. Senate adoption of three measures resulted last year. Likewise, 27 Senators and 4 Representatives referred 2,000 pieces of correspondence dealing with small business problems for the committee to handle for their constituents in the small business area of local or national concern.

The small businessman is getting hurt more than anyone else in this energy crunch, problem, or whatever we want to call it. There is a shortage of gasoline, of course, and it is very hard for small business and the service stations to get along. It must be remembered that 97½ percent of all businesses in this country are small businesses. So if the need arises, I know my colleague will permit me to make a further request. I do not anticipate it at this time, but I want that in the RECORD.

Mr. CANNON. The Senator is correct. We will be certainly happy to consider a request from any of the committees, because of circumstances that will require them to come back and request additional financial help.

The amendment was agreed to.

The resolution, as amended, was agreed to, as follows:

*Resolved*, That the Select Committee on Small Business, in carrying out the duties imposed upon it by S. Res. 58, Eighty-first Congress, agreed to February 20, 1950, as amended and supplemented, is authorized to examine, investigate, and make a complete study of the problems of American small and independent business and to make recommendations concerning those problems to the appropriate legislative committees of the Senate.

Sec. 2. For purposes of this resolution, the committee, or any subcommittee thereof, is authorized from March 1, 1974, through Feb-

ruary 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency, (4) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(j) of the Legislative Reorganization Act of 1946, and (5) to provide assistance for the members of its professional staff in obtaining specialized training, in the same manner and under the same conditions as any such standing committee may provide that assistance under section 202(j) of such Act.

Sec. 3. The expenses of the committee under this resolution shall not exceed \$168,000, of which amount (1) not to exceed \$2,500 may be expended for the procurement of the services of individual consultants, or organizations thereof, and (2) not to exceed \$1,000 may be expended for the training of the professional staff of such committee.

Sec. 4. The committee shall report its findings, together with such recommendations for legislation as it deems advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975.

Sec. 5. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY THE SELECT COMMITTEE ON NUTRITION AND HUMAN NEEDS

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 694, S. Res. 260.

The PRESIDING OFFICER. The resolution will be stated.

The assistant legislative clerk read as follows:

S. Res. 260, continuing and authorizing additional expenditures by the Select Committee on Nutrition and Human Needs.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported by the Committee on Rules and Administration with an amendment, on page 2, line 23, after the word "exceed", strike out "\$399,000 of which amount not to exceed \$100,000 shall be available for the procurement of the services of individuals or organizations thereof" and insert "\$288,800".

Mr. CANNON. Mr. President, this resolution would authorize the Select Committee on Nutrition and Human Needs to expend not to exceed \$399,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress, the select committee was authorized to expend not to exceed \$275,000 for that purpose. The select committee estimates it will return approximately \$7,000 of that amount to the Treasury.

The pending request includes an increase of \$124,000 over last year's authorization.

The Committee on Rules and Administration has amended Senate Resolution 260 by reducing the requested amount from \$399,000 to \$288,000, a reduction of \$110,200. An explanation of this amendment is contained in the committee's report on the measure.

Senator McGOVERN is chairman of the Select Committee on Nutrition and Human Needs and Senator PERCY is its ranking minority member.

Mr. McGOVERN. Mr. President, I should like to be heard on the proposed amendment. It would have the effect of eliminating funds for an important national conference on the Nation's food supply and the quality of our food which the committee thinks is very important.

Right at the moment, Congress and the American people are very much aware that we are caught in an energy crisis.

I am going to predict that by this time next year the food crisis will probably be higher in the headlines than the energy crisis. Of course, the two are related, but we are very probably headed for another 50-percent increase in the price of food over the next couple of years if it continues on its present course. We are headed for painful shortages in some foods which are essential to the American diet. Already, by the end of last December, we experienced a 20-percent increase in the home consumption of the cost of food. The actual prices paid by older people and poor working families, especially in the downtown central cities, have gone up 38 percent in 1973.

For the ordinary working people of this country, that is a disaster. There is no other way to describe it.

It means that they either go without adequate food or they cut out medical care, and cut out clothing needs and other things their families need. The American people have reacted that way. It is the only way they could. So they will be eating less and experiencing a poorer diet today than a year ago, which will continue to crisis proportions if something is not done.

The school lunch program has also felt that impact in a very dramatic way. The elimination of between 20 and 30 percent of the foods that go into that school lunch package has caused half a million children to drop out of the program—500,000 boys and girls who were participating in that school lunch program a year ago, who are not there anymore because of the increased cost of the program.

Local school lunch officials I have talked to and the committee has heard from are faced with something that they describe as a crisis right now. They cannot get long-term contracts with wholesalers for the purchase of school lunch supplies. They are cutting back on the quality of those lunches and the amount of food and are trimming the program in many ways. Nobody planned that crisis, and no one is planning it to be even worse next year. But that is what is going to happen in the absence of some kind of Federal policy to deal with this matter and to head it off and to improve it.

So the committee has unanimously voted to set up a national conference on nutrition, where we can call in the most

thoughtful and best informed authorities in the country on the subject of the marketing of food, the business end of food production, the agricultural aspects of it, the nutritional and health aspects of a sound diet, the educational methods that are going to be needed, and the international aspects of this whole question.

To head that conference, we have secured the best person we could find in the country, Dr. Jean Mayer, who headed the White House Conference on Food and Nutrition a few years ago, who is head of the Nutrition Department of Harvard University, and who is perhaps the leader in this field, a man who has the full confidence of our committee, Republicans and Democrats alike. We have tentatively set the date of that conference for June 19 to 21.

Senator CANNON has courteously told me of the committee's concern about authorizing the cost of this conference as a part of the committee's budget. That is a \$100,000 figure. But the conference will be housed in the Senate, in space provided by the Senate. The funds we are asking for would cover the expenses of some 250 conferees.

While I recognize that other procedures might be followed, it has been the conviction of our committee that this is a legitimate function of a committee and one that would advance the best interests of what we are trying to do.

Senator CANNON has suggested that we come in with a separate request for the conference funds, and I have prepared a resolution to that effect. But before we proceed any further here today with accepting this amendment, which would cut out funds for the conference, I should like to get the assurance of the Senator from Nevada on two points.

No. 1, time is of great significance. We now have only about 3 months to plan for this conference, for the task forces to complete their work. We are already at the first of March today. I am wondering, first of all, whether the Senator from Nevada can assure me and assure the members of the committee that his committee will act one way or another—either vote up or down—on the request we are going to make for the \$100,000 authorization for this conference. We really need to know that within, I would say, no later than the 15th of March. I wonder whether the Senator can give me that assurance. I am not asking him to say that the committee is going to approve it, but can he assure me that they will either approve it or disapprove it by March 15?

Mr. CANNON. Mr. President, let me say that, in the first place, the committee did not take the position that this amount should be denied completely. This request would establish an entirely new precedent in Congress—that being the precedent of permitting committees of Congress to sponsor seminars in Washington or elsewhere around the country, at Government expense, and bring in tremendously large numbers of people to participate in these conferences or seminars.

The committees do have the authority to bring witnesses before them and to pay

witness fees and to pay their expenses, to get testimony on certain matters, but not that of conducting seminars. We can find no precedent in existing committee action which would permit this authority to a committee.

This requires a policy decision. Therefore, the Committee on Rules felt that it should be submitted in a separate resolution, and we should have testimony on it and determine what the policy should be with respect to this type of matter.

We do not question the value that can be gained from this seminar, as value can be gained from thousands of other seminars that could be conducted at Government expense, particularly at the taxpayers' expense.

It is a policy question that we will have to consider. I cannot give the Senator assurance that we can settle this matter one way or the other by March 15, but I can assure him that I will bring it up for consideration as rapidly as we can. I cannot control the committee action, in light of some matters that have to be given priority. We will attempt to give him a hearing on it at an early date and get a decision at an early date, as early as we possibly can.

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

Mr. CANNON. I yield.

Mr. COOK. May I say to the Senator that the thing that gave us the problem—and I wish the Senator from Illinois would listen to this, too—was the testimony before the committee which appears in the RECORD on page 80. In that testimony, the Senator said:

They will not be employed by the committee, Mr. Chairman. We will enter into a contract with Dr. Mayer, who would have charge of covering the expenses of the conference.

Our problem in the Rules Committee was that on all contracts that are entered into between committees and outside consultants or outside specialists, those contracts are submitted to the Rules Committee for approval. They are considered in the Rules Committee, and they are taken under consideration and adopted or not approved.

Mr. McGOVERN. If the Senator will yield, that is what we are asking the committee to do, to approve this contract authority.

Mr. COOK. The contracts are submitted to us, and at this stage I do not know whether there is a contract in existence between the committee and Dr. Mayer for the functions as outlined.

Mr. McGOVERN. We cannot sign a contract until we know we have the funds. But certainly the committee does not want to pass on 250 individual negotiations by the coordinator of the conference.

Mr. COOK. May I say to the Senator that contracts are executed when they come to us. The contracts are executed subject to the approval of the Rules Committee; and if the Rules Committee does not approve those contracts, then they are null and void, and there is no question about it. But in this instance we were faced with the situation that a request for \$100,000 had been made when no contracts were in existence, when there was nothing that the Rules Com-

mittee could really pursue, subject to its operations.

We have no idea how the expenditures will be made, what the expenditures will be made for, and we were really left in the dark.

What we wanted to do—and I hope I speak for the chairman—was to exclude this, not to the prejudice of the chairman or the committee, with the understanding, and we so said in our report, that a separate resolution would be submitted by the committee and by the chairman and that we would consider it immediately.

As the ranking Republican member of the committee, I want the chairman to know that I am ready to hold hearings on it prior to the 15th of March and to give the Senator a conclusion of this matter prior to the 15th of March. I am sure the chairman will try his best to do the same.

Mr. McGOVERN. I do not want to belabor the point unnecessarily, but we have just approved unanimously the authorization of \$200,000 for another committee to study the ocean, and I think that is fine. Apparently, they are going to enter into a special arrangement in concert with a Federal agency. But I do not understand the fundamental difference between drawing on experts in that field and paying witnesses who will come to testify on it and assembling a group of 250 people who are experts on the food crisis that is looming before the Nation and contracting that out, with a qualified man to handle the administration of it.

We have entered into an informal contract with Dr. Mayer to do this work. We have not signed anything with him, because we do not have the money. It seems to me that until the Rules Committee can sign off on this authorization, we are not in a position to give a hard contract with anyone.

I am not arguing with the committee's principle. I am simply saying that we might just as well cancel the conference if we do not have some assurance that we can be underway with the planning by the middle of this month.

Mr. COOK. May I say to the Senator that the fact that the \$200,000 was authorized by the Committee on Commerce for an ocean study really bears out my point. That was subject to a Senate resolution introduced by and approved by 54 Senators. It was submitted with its rules and regulations, which the Senate passed unanimously. That was done under Senate Resolution 222 which had 54 cosponsors. In this instance we are not at that situation and we are very concerned.

Mr. McGOVERN. I wish to say to the Senator that I am not trying to be unreasonable. I would rather have the committee tell us they cannot complete their work by March 15 and we will forget about the conference and make some other plan for the study of this problem, because I am not exaggerating when I say this food crisis is upon us. It is an acute problem and every citizen will be aware of it before we come back this time next year. We would be better off if they would tell us they cannot pass judgment on this resolution authorizing the confer-

ence by March 15 and we will try to develop an alternate plan.

I would like to ask the chairman to give us his assurance that he will do all in his power as the chairman to get this matter resolved by the middle of the month.

Mr. CANNON. I have already told the Senator I will do everything I can to have this matter considered, but I will not say by the middle or the 15th of the month. That is the best estimate I can give the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. McGOVERN. Mr. President, if the Chair will withhold, I wish to ask the Senator what indication the chairman can give us as to the approximate time for action. This is the difficulty we have in trying to make plans without any knowledge. Can the Senator give us an indication?

Mr. CANNON. I cannot say. When the Senator's resolution comes in we will try to find out when we can get a committee meeting and have a hearing, because we want to get testimony. We will do it at the earliest possible date. It cannot be on Monday, Tuesday, or Wednesday of next week. I am committed to hearings on those dates. I do not have my full schedule before me, but we will try to get a meeting at the earliest possible time to consider the matter.

Mr. McGOVERN. On that basis I am not going to object, but I do urge again on the Senate that time is a factor. We really have to have an early resolution of it or the whole matter is defeated.

Mr. COOK. The Senator knows I am a member of the Subcommittee on Nutrition and Human Needs. I voted for this budget. I would hope we could resolve this matter as soon as possible. We ran into a very difficult problem of the contractual responsibility of the committee to say we will contract with an individual outside the committee for expenditure of \$100,000 and the Committee on Rules and Administration wanted to know the ground rules of that contractual responsibility and I could not give them.

Mr. CANNON. The only point I am making is that I would hope we could move expeditiously to resolve this problem. I certainly will try to do all I can as chairman, and I feel certain that the ranking Republican will also do so. This does represent a precedent, and it has got to be resolved in the light of our responsibility to the committee.

Mr. McGOVERN. I am not certain that it represents a new precedent. If it does, it is an excellent precedent, one that will increase the effectiveness of the Senate and increase our capacity to handle important national problems. But whether it is a new precedent or not, there is nothing wrong with setting a precedent. So if there is a new precedent, I hope it will be accepted by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The resolution (S. Res. 260), as amended, was agreed to, as follows:

*Resolved*, That the Select Committee on Nutrition and Human Needs, established by

S. Res. 281, Ninetieth Congress, agreed to on July 30, 1968, as amended and supplemented, is hereby extended through February 28, 1975.

SEC. 2. (a) In studying matters pertaining to the lack of food, medical assistance, and other related necessities of life and health, the Select Committee on Nutrition and Human Needs is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to subpoena witnesses and documents, (4) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, (5) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(1) of the Legislative Reorganization Act of 1946, (6) to interview employees of the Federal, State, and local governments and other individuals, and (7) to take depositions and other testimony.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

SEC. 3. The expenses of the committee under this resolution shall not exceed \$288,800.

SEC. 4. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

#### ADDITIONAL EXPENDITURES BY SPECIAL COMMITTEE ON AGING

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 695, Senate Resolution 267.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 267) providing that the Special Committee on Aging is continued in existence as a permanent special committee and authorizing additional expenditures therefor.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution which had been reported by the Committee on Rules and Administration with an amendment, to strike out all after the word "Resolved" and insert:

That the Special Committee on Aging, established by S. Res. 33, Eighty-seventh Congress, agreed to on February 13, 1961, as amended and supplemented, is hereby extended through February 28, 1975.

SEC. 2 (a) The committee shall make a full and complete study and investigation of any and all matters pertaining to problems and opportunities of older people, including, but not limited to, problems and opportunities of maintaining health, of assuring adequate income, of finding employment, of engaging in productive and rewarding activity, of securing proper housing, and, when necessary, of obtaining care or assistance. No proposed legislation shall be referred to such committee, and such committee shall not have power

to report by bill, or otherwise have legislative jurisdiction.

(b) A majority of the members of the committee or any subcommittee thereof shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the committee, shall constitute a quorum for the purpose of taking sworn testimony.

SEC. 3. (a) For purposes of this resolution, the committee is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to require by subpna or otherwise the attendance of witnesses and the production of correspondence, books, papers, and documents, (5) to administer oaths, (6) to take testimony orally or by deposition, (7) to employ personnel, (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel, information, and facilities of any such department or agency, and (9) to procure the temporary services (not in excess of one year) or intermittent services of individual consultants, or organizations thereof, in the same manner and under the same conditions as a standing committee of the Senate may procure such services under section 202(1) of the Legislative Reorganization Act of 1946.

(b) The minority shall receive fair consideration in the appointment of staff personnel pursuant to this resolution. Such personnel assigned to the minority shall be accorded equitable treatment with respect to the fixing of salary rates, the assignment of facilities, and the accessibility of committee records.

SEC. 4. The expenses of the committee under this resolution shall not exceed \$415,000, of which amount not to exceed \$15,000 shall be available for the procurement of the services of individual consultants or organizations thereof.

SEC. 5. The committee shall report the results of its study and investigation, together with such recommendations as it may deem advisable, to the Senate at the earliest practicable date, but not later than February 28, 1975. The committee shall cease to exist at the close of business on February 28, 1975.

SEC. 6. Expenses of the committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. CANNON. Mr. President, this resolution would authorize the Special Committee on Aging to expend not to exceed \$415,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the special committee was authorized to expend not to exceed \$411,000 for that purpose. The committee estimates it will return approximately \$2,000 of that amount to the Treasury.

The pending request includes an increase of \$4,000 over last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 267 with amendments. An explanation of the amendments is contained in the committee's report on the measure.

The Senator from Idaho (Mr. CHURCH) is chairman of the Special Committee on Aging, and the Senator from Hawaii (Mr. FONG) is its ranking minority member.

The amendment was agreed to.

The resolution (S. Res. 267), as amended, was agreed to.

The title was amended, so as to read: "Resolution continuing, and authorizing additional expenditures by, the Special Committee on Aging."

**SPECIAL COMMITTEE ON THE TERMINATION OF THE NATIONAL EMERGENCY**

Mr. CANNON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 696, Senate Resolution 242.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 242) relating to the Special Committee on the Termination of the National Emergency.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. CANNON. Mr. President, this resolution would authorize the Special Committee on the Termination of the National Emergency to expend not to exceed \$166,000 during the next 12 months for inquiries and investigations.

During the last session of the Congress the committee was authorized to expend not to exceed \$175,000 for that purpose. The special committee estimates it will return approximately \$36,471 of that amount to the Treasury.

The pending request is a decrease of \$9,000 from last year's authorization.

The Committee on Rules and Administration has reported Senate Resolution 242 without amendment.

Senator CHURCH and Senator MATHIAS are cochairs of the Special Committee on the Termination of the National Emergency.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 242) was agreed to, as follows:

*Resolved*, That the Special Committee on the Termination of the National Emergency, established by Senate Resolution 9, Ninety-third Congress, agreed to January 6, 1973, is continued for the period from March 1, 1974, through February 28, 1975, except that, commencing on March 1, 1974—

(1) such special committee shall thereafter be known as the Special Committee on National Emergencies and Delegated Emergency Powers; and

(2) it shall be the function of such special committee, in accordance with the provisions of that Senate Resolution 9 not inconsistent with this resolution, to conduct a study and investigation with respect to the termination of existing states of national emergencies proclaimed by Presidents of the United States in 1933, 1950, 1970, and 1971, and with respect to delegated emergency powers.

Sec. 2. In carrying out such function, the special committee is authorized from March 1, 1974, through February 28, 1975, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, (3) to hold hearings, (4) to sit and act at any time or place during the sessions, recesses, and adjourned periods of the Senate, (5) to require, by subpens or otherwise, the attendance of witnesses and the production of correspondence, books, papers, and documents, (6) to take depositions and other testimony, (7) to procure the

service of individual consultants or organizations thereof, in accordance with the provisions of section 202(1) of the Legislative Reorganization Act of 1946, as amended, and (8) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 3. For the period from March 1, 1974, through February 28, 1975, the expenses of the special committee under this resolution shall not exceed \$166,000, of which amount not to exceed \$25,000 shall be available for the procurement of the services of individual consultants, or organizations thereof, as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended.

Sec. 4. The special committee shall make the final report required by section 5 of that Senate Resolution 9 not later than February 28, 1975, instead of February 28, 1974.

Sec. 5. Expenses of the special committee under this resolution shall be paid from the contingent fund of the Senate upon vouchers approved by the two cochairman of the special committee.

Mr. COOK. Mr. President, I would like to, frankly, thank the chairman of the Committee on Rules and Administration. We have worked diligently on this matter. We have now concluded all the respective resolutions of the committees and subcommittees. I might say we usually find, when we have resolutions in this body, that they are increasing and increasing and increasing. I am delighted that, under the leadership of the Senator from Nevada (Mr. CANNON)—and I feel a sense of pride and responsibility in being the ranking minority member of the committee and having worked with him—when last year the committees requested \$16,105,000 and this year they requested \$16,955,615, through the efforts of the chairman and the members of the Committee on Rules and Administration, we have reduced not only the amount of the request for this year but the amount which was utilized last year, because the net saving with respect to the request was \$1,719,815. That was the reduction as a result of the action of the Committee on Rules and Administration.

The total expenditures as they are allowed for the current, 2d session of the 93d Congress, will be \$15,235,800, which is \$1.2 million-plus below the \$16,561,100 that was expended in the 1st session of the 93d Congress.

I think a great deal of the credit must go to the chairman and the committee that went through all these requests, that went through all of the testimony, that went through all the figures. I must say, in all fairness, that the chairman put in more time than anyone else. It has been through the efforts of the committee staff that this matter has been worked out, and I would like to have the opportunity of putting the appropriate number of names of the staff that did the work and that put in a good many hours to get this matter in shape into the record.

I will only say what we felt it was time to take a good, hard, long look at these figures and make a determination of the realistic cost factors in some detail. That is exactly what we have done. I may say that the chairman has been proved completely correct in that assumption, be-

cause we have had only what I would call minimal complaints about the overall work of the Committee on Rules and Administration.

Mr. CANNON. I thank my colleague for his kind remarks with reference to me, but I want to say that, as the ranking minority member, he did a tremendous job and made a tremendous contribution to the end results. This has been a team effort, a nonpartisan and bipartisan effort, to try to hold the expenditures in line, and not let them get topheavy at the budgetary level.

The resolution relating to the Banking, Housing and Urban Affairs Committee was deferred. So we have not completed our work yet.

However, I want to join my colleague in commanding the fine work of the members of the staff. They are John P. Coder, professional staff member; Jack L. Sapp, editorial assistant; William McWhorter Cochrane, staff director; Joseph E. O'Leary, professional staff member, minority; Hugh Q. Alexander, chief counsel; and Miss Peggy L. Parrish, staff assistant.

**AUTHORIZATION OF ADDITIONAL EXPENDITURES BY THE COMMITTEE ON GOVERNMENT OPERATIONS FOR INQUIRIES AND INVESTIGATIONS**

Mr. CANNON. Mr. President, I understand the Senator from Illinois desires to raise a point on section 4 of Senate Resolution 269, which has heretofore been approved.

Mr. PERCY. I thank the distinguished floor manager.

Mr. President, I want to say that, though I have disagreed on one or two items, I am not unaware of the tremendous time and effort put in by the members of this very, very important committee, and the personal pressures put on them, and so forth. I certainly do not like to have a disagreement, but I hope I have made a case for the minority in this particular instance.

The question has been raised as to whether or not the \$25,000, the funds that were sent back in the preceding budget, would not be available for use at this time. I have checked with the staff. Those funds are being used and this will be permitted.

The question now is whether reductions can be made from the original amount of \$70,000 requested, which was reduced to \$50,000, and whether the chairman of the subcommittee (Mr. JACKSON) can have them further reduced. We certainly cannot reduce it below \$35,000. That would provide for sufficient investigation to begin the process to see whether or not this would not give the minority the ability and the flexibility within the requirements of the budget to be assigned one full-time professional staff member.

It would be my respectful request that that amount be considered in this budget.

The Senator from Illinois has been involved in fashioning many other budgets for committees on which he serves as a minority member. We are going to try

to live within the amounts set by the committee. Some of these cuts have been very deep, but as to this one, there is simply no basis for the Senator from Illinois not to justify spending that money, because, as the Senator knows, the money will be returned many times over. It is the very best way to spend that money for the taxpayers' benefit.

Mr. CANNON. First, Mr. President, let me say that if the request were approved, and other subcommittees made corresponding requests, we would not have enough space in this large complex of buildings to house Senators, because it would all be required by the additional staff demands.

With these requests for the tremendous increase in the number of staff, we find that the staffs are running the Congress, and not the Congress running its own affairs.

I want to say that I, for one, am not impressed by the talk of majority or minority staff assignments. I think when we have professional staffs, they ought to be available to everybody on the committee, and not be made available only to the majority or the minority.

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

Mr. CANNON. I yield.

Mr. PERCY. If the Senator were part of the minority party, he might understand the problems of the minority. I am sure he feels that a Senator is a Senator of the United States and should have adequate backup and support and should not have to be satisfied only with the staff assigned to the subcommittee by the majority.

Mr. CANNON. I am well aware of that, but many staff assignments work out of Senators' offices and not out of the committee at all. This is a fact of life. This has frequently been the case with additional help. Furthermore, when one goes on a committee, he may have been appointed by the majority or by the minority years ago, and the committee does not want to terminate his service. The committee lets him stay on and immediately requests additional staff. The staffs are top heavy, in my judgment. I do not think the taxpayers ought to be required to keep subsidizing them simply because the majority or minority wants one or two more staff members. Let us cull them down so that they can be used, and used efficiently.

Mr. PERCY. Mr. President, will the Senator yield on that point?

Mr. CANNON. I yield.

Mr. PERCY. It is quite true that there are Members of the Senate who house in their own offices staff members of subcommittees. It is not the desire of the Senate to do so, because no one would want to house in a room that already has 10 people, an additional staff member assigned to a subcommittee staff; but when the minority staff of the Permanent Investigations Subcommittee has 1 room against the majority with 12 rooms, there is no place else other than in the corridors for them to sit. It is not fair to a Senator's staff to have subcommittee staff members work in his office, but it is not by choice that it happens. It is simply that there is no space made available for subcommittee minority staff.

Mr. COOK. Mr. President, first let me say that under the Reorganization Act which this Senate voted for, it says that the minority shall receive fair consideration in annual or supplemental resolutions; 30 to 7 is not a fair consideration from the testimony that is in the Record on this particular point.

Second, I think that I have been around here long enough and have been dealing with financial figures long enough that when I see the Subcommittee on Permanent Investigations turn back \$25,082, which they reported to us, I do not see how in a budget that is \$1,006,000, that started in January and will be said that all but \$25,082 is already committed. I would say that the people who came up with that conclusion have got to be the most miraculous public accountants ever had in the Government of the United States and we ought to have them downtown rather than up here on the Hill.

No one can say how with a budget of \$1,006,000 right now that funds are committed and that there will be no surplus at the end of the year. Otherwise, the first column we have here is totally useless.

The point is that we will receive funds back from many committees and subcommittees.

I have no objection to the figure. I wish that we were not taking it up now. I wish that it could be resolved by the chairman and the ranking minority members.

Mr. JACKSON. Mr. President, if the Senator will yield, the figures of \$25,000 and \$30,000 have been suggested. In the interest of trying to resolve this matter, I would like to split it and ask that the distinguished chairman of the committee accept the figure of \$30,000 as an additional item so that the minority will have that amount available in the current budget year starting today.

Mr. CANNON. Mr. President, I would be willing to accept that amendment. I move to reconsider the Senate's action on Senate Resolution 269.

The PRESIDING OFFICER. Without objection, the Senate will reconsider the votes by which the resolution and the committee amendments were agreed to.

Mr. CANNON. Mr. President, I ask unanimous consent that the committee amendments be amended. I send the amendments to the desk.

The PRESIDING OFFICER. The clerk will report the amendments.

The second assistant legislative clerk read as follows:

On page 2, line 14, strike "\$2,049,000" and insert "\$2,079,000".

On page 2, line 23, strike "\$1,006,000" and insert "\$1,036,000".

On page 11, line 15, strike "\$2,069,000" and insert "\$2,099,000".

THE PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada? The Chair hears none, and it is so ordered.

The question is on agreeing to the amendments of the Senator from Nevada to the committee amendments en bloc?

The amendments were agreed to en bloc.

Mr. COOK. Mr. President, may I say for the purpose of clarification of the record so that there will be no question about this and so that there will be a legislative history, that although we have increased the overall budget by that amount, this \$30,000 will be attributable to the Permanent Investigations Subcommittee, chaired by the Senator from Washington (Mr. JACKSON).

Mr. CANNON. Mr. President, the \$30,000 which is an increase in the amendment as modified would then make the budget for permanent investigations \$1,036,000.

The PRESIDING OFFICER. Without objection, the committee amendments as amended are agreed to en bloc, and the resolution (S. Res. 269) as amended is agreed to.

#### S. RES. 269

Resolution authorizing additional expenditures by the Committee on Government Operations for inquiries and investigations

*Resolved*, That, in holding hearings, reporting such hearings, and making investigations as authorized by sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, in accordance with its jurisdiction under rule XXV of the Standing Rules of the Senate, the Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, for the purposes stated and within the limitations imposed by the following sections, in its discretion (1) to make expenditures from the contingent fund of the Senate, (2) to employ personnel, and (3) with the prior consent of the Government department or agency concerned and the Committee on Rules and Administration, to use on a reimbursable basis the services of personnel of any such department or agency.

Sec. 2. The Committee on Government Operations is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$20,000 for the procurement of the services of individual consultants, or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended).

Sec. 3. The Committee on Government Operations, or any subcommittee thereof, is authorized from March 1, 1974, through February 28, 1975, to expend not to exceed \$2,079,000 to examine, investigate, and make a complete study of any and all matters pertaining to each of the subjects set forth below in succeeding sections of this resolution, said funds to be allocated to the respective specific inquiries and the procurement of the services of individual consultants or organizations thereof (as authorized by section 202(1) of the Legislative Reorganization Act of 1946, as amended) in accordance with succeeding sections of this resolution.

Sec. 4. (a) Not to exceed \$1,036,000 shall be available for a study or investigation of—

(1) The efficiency and economy of operations of all branches of the Government including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices, waste, extravagance, conflicts of interest, and the improper expenditure of Government funds in transactions, contracts, and activities of the Government or of Government officials and employees and any and all such improper practices between Government personnel and corporations, individuals, companies, or persons affiliated therewith, doing business with the Government; and the compliance or noncompliance of such corporations, companies, or individuals or other entities with the rules, regulations, and laws governing the various

governmental agencies and its relationships with the public: *Provided*, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

(2) The extent to which criminal or other improper practices or activities are, or have been, engaged in the field of labor-management relations or in groups or organizations of employees or employers, to the detriment of interests of the public, employers, or employees, and to determine whether any changes are required in the laws of the United States in order to protect such interests against the occurrence of such practices or activities;

(3) Syndicated or organized crime which may operate in or otherwise utilize the facilities of interstate or international commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations, or other entities by whom such utilization is being made, what facilities, devices, methods, techniques, and technicalities are being used or employed, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of the law of the United States or the laws of any State, and further, to study and investigate the manner in which and the extent to which persons engaged in organized criminal activities have infiltrated into lawful business enterprise; and to study the adequacy of Federal laws to prevent the operations of organized crime in interstate or international commerce, and to determine whether any changes are required in the laws of the United States in order to protect the public against the occurrences of such practices or activities;

(4) All other aspects of crime and lawlessness within the United States which have an impact upon or affect the national health, welfare, and safety;

(5) Riots, violent disturbances of the peace, vandalism, civil and criminal disorder, insurrection, the commission of crimes in connection therewith, the immediate and longstanding causes, the extent and effects of such occurrences and crimes, and measures necessary for their immediate and long-range prevention and for the preservation of law and order and to insure domestic tranquillity within the United States; and

(6) The efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(A) the effectiveness of present national security methods, staffing, and processes as tested against the requirements imposed by the rapidly mounting complexity of national security problems;

(B) the capacity of present national security staffing, methods, and processes to make full use of the Nation's resources of knowledge, talents, and skills;

(C) the adequacy of present intergovernmental relationships between the United States and international organizations principally concerned with national security of which the United States is a member; and

(D) legislative and other proposals to improve these methods, processes, and relationships;

(7) The efficiency, economy, and effectiveness of all agencies and departments of the Government involved in the control and management of energy shortages including,

but not limited to, their performance with respect to—

(A) the collection and dissemination of accurate statistics on fuel demand and supply;

(B) the implementation of effective energy conservation measures;

(C) the pricing of energy in all forms;

(D) coordination of energy programs with State and local government;

(E) control of exports of scarce fuels;

(F) the management of tax, import, pricing, and other policies affecting energy supplies;

(G) maintenance of the independent sector of the petroleum industry as a strong competitive force;

(H) the allocation of fuels in short supply by public and private entities;

(I) the management of energy supplies owned or controlled by the Government;

(J) relations with other oil producing and consuming countries;

(K) the monitoring of compliance by governments, corporations, or individuals with the laws and regulations governing the allocation, conservation, or pricing of energy supplies;

(L) research into the discovery and development of alternative energy supplies.

*Provided*, That, in carrying out the duties herein set forth, the inquiries of this committee or any subcommittee thereof shall not be deemed limited to the records, functions, and operations of the particular branch of the Government under inquiry, and may extend to the records and activities of persons, corporations, or other entities dealing with or affecting that particular branch of the Government;

of which amount not to exceed \$20,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Nothing contained in this section shall affect or impair the exercise by any other standing committee of the Senate of any power, or the discharge by such committee of any duty, conferred or imposed upon it by the Standing Rules of the Senate or by the Legislative Reorganization Act of 1946, as amended.

(c) For the purpose of this section the committee, or any duly authorized subcommittee thereof, or its chairman, or any other member of the committee or subcommittee designated by the chairman, from March 1, 1974, through February 28, 1975, is authorized, in its, his, or their discretion, (1) to require by subpna or otherwise the attendance of witnesses and production of correspondence, books, papers, and documents, (2) to hold hearings, (3) to sit and act at any time or place during the sessions, recesses, and adjournment periods of the Senate, (4) to administer oaths, and (5) take testimony, either orally or by sworn statement.

SEC. 5. Not to exceed \$360,000 shall be available for a study or investigation of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86-380, approved by the President on September 24, 1959, as amended by Public Law 89-733, approved by the President on November 2, 1966; of which amount not to exceed \$10,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 6. Not to exceed \$344,000 shall be available for a study or investigation of the efficiency and economy of operations of all branches and functions of the Government with particular reference to—

(1) the effects of laws enacted to reorganize the executive branch of the Government, and to consider reorganizations proposed therein;

(2) the operations of research and development programs financed by the departments and agencies of the Federal Government, and the review of those programs now being carried out through contracts with higher educational institutions and private organizations, corporations, and individuals in order to bring about Government-wide coordination and elimination of overlapping and duplication of scientific and research activities; and

(3) the adequacy of present intergovernmental relationships between the United States and international organizations, exclusive of those principally concerned with national security, of which the United States is a member;

of which amount not to exceed \$30,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

SEC. 7. (a) Not to exceed \$189,000 shall be available for a study and investigation of any and all matters pertaining to budget and accounting measures and operations, other than appropriations, including but not limited to—

(1) the formulation of the budget (including supplemental and deficiency appropriations) and its submission and justification to Congress;

(2) the review and authorization of budget obligations and expenditures by the Congress;

(3) the execution and control of such authorized obligations and expenditures;

(4) the accounting, financial reporting, and auditing of all Government expenditures; and

(5) the evaluation of Federal program performance and fiscal information and management capability; of which amount not to exceed \$15,000 may be expended for the procurement of the services of individual consultants or organizations thereof.

(b) Such study and investigation shall be limited to budgeting and accounting measures and operations of the Federal Government, and shall not be extended to the operations of any State or local government, any business or other private organization, or any individual, except that information with respect to these parties may be obtained on a voluntary basis.

SEC. 8. Not to exceed \$150,000 shall be available for a study or investigation of Government procurement practices (including a review of recommendations submitted to Congress by the Commission on Government Procurement), of which amount not to exceed \$15,000 may be expended for the procurement of individual consultants or organizations thereof.

SEC. 9. The committee shall report its findings, together with such recommendations for legislation as it deems advisable with respect to each study or investigation for which expenditure is authorized by this resolution, to the Senate at the earliest practicable date, but not later than February 28, 1975.

SEC. 10. Expenses of the committee under this resolution, which shall not exceed in the aggregate \$2,099,000 shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

Mr. PERCY. Mr. President, I should like to thank the chairman and the ranking minority member and also thank the Senator from Washington for his support.

I had hoped that by this time the major problem presented to the Committee

on Rules and Administration last year could have been resolved. The Senator from Washington has had 1 year as chairman of the subcommittee. Unhappily, we have not been able to resolve the problem. It would still be the hope of the minority that additional money could be found from existing funds for assignment of personnel to the minority.

I thank the members of the Committee on Rules and Administration for the time they have taken to consider this matter.

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

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

#### CLOTURE MOTION ON SENATE RESOLUTION 293

Mr. MANSFIELD. Mr. President, under the unanimous-consent agreement agreed to by the Senate on yesterday, I submit a cloture motion and ask that it be stated.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair, without objection, directs the clerk to read the motion.

The legislative clerk read the cloture motion as follows:

#### CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon Senate Resolution 293, to disapprove the pay recommendation of the President with respect to rates of pay for Members of Congress.

Mike Mansfield, Quentin Burdick, Frank Church, George D. Aiken, Harold E. Hughes, William Proxmire, Gaylord Nelson, Robert Packwood, Peter H. Dominick, Robert C. Byrd, Henry M. Jackson, James A. McClure, William Roth, Jennings Randolph, Harry F. Byrd, Jr., George McGovern.

Mr. MANSFIELD. Mr. President, in addition to Members of the Congress, the resolution includes the judiciary and the executive branches of the Government as well.

Mr. STEVENS. Mr. President, is that the cloture motion that will be brought to a vote at 11 o'clock on Wednesday?

The PRESIDING OFFICER. That has already been agreed to under a unanimous-consent request. The Chair is further advised that the vote will be on Wednesday.

#### PROCLAMATION DECLARING ALEKSANDR I. SOLZHENITSYN TO BE AN HONORARY CITIZEN OF THE UNITED STATES

Mr. HELMS. Mr. President, 24 Senators are now supporting Senate Joint Resolution 188, a joint resolution to authorize the President to declare by proclamation Aleksandr I. Solzhenitsyn

an honorary citizen of the United States.

I know that many of my colleagues are deeply interested in this action and are giving it careful consideration. Some have raised the point with me that they would be happy to cosponsor this resolution if they knew whether or not Mr. Solzhenitsyn would accept the honor. Some have thought that Mr. Solzhenitsyn might be reluctant to have this action taken when his present position and that of his family has not yet been resolved.

When I introduced this proposal, my view was that the passage of the resolution would only serve to strengthen his position, and keep pressure upon the Soviet Union to ease its totalitarian restrictions on freedom of thought, freedom of publication, and freedom of travel. On the other hand, honorary citizenship would impose no obligations on Mr. Solzhenitsyn, and not prejudice his status.

I wish to announce today that I have been in extended discussions with Mr. Solzhenitsyn through his lawyer, Dr. Fritz Heeb, of Zurich, to explain the proposal. This morning, Dr. Heeb called me from Zurich, after thorough discussion of the problem with Mr. Solzhenitsyn, and told me that Mr. Solzhenitsyn thinks that this action is right. He will be pleased to accept the U.S. honorary citizenship if it is extended to him.

Mr. President, this development should clear away any remaining doubts about the wisdom of this action. Mr. Solzhenitsyn stands as one of the great symbols of freedom in our time. His courage and his tenacity have proved that the voice of one man speaking the truth is a greater weapon against totalitarian oppression than whole armies brought to the field. Mr. Solzhenitsyn's strength of purpose transcends the distinctions of party and political philosophy in this country; all Americans can join to do him honor. I once more renew my call for cosponsors for Senate Joint Resolution 188.

#### PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the Senate will convene on Monday next at the hour of 11 a.m.

After the two leaders or their designees have been recognized under the standing order, there will then be a period for the transaction of routine morning business not to extend beyond the hour of 11:30 a.m. with statements limited therein to 5 minutes.

At the conclusion of the routine morning business, the Senate will proceed to the consideration of the President's pay recommendations. There is a time limitation on an amendment by the Senator from Wyoming (Mr. McGEE) and on an amendment by the Senator from Hawaii (Mr. FONG), with a vote to occur on the amendment at the hour of 3:30 p.m.

Immediately following the disposition of the Fong amendment, the Senate will vote on the McGee amendment, after which it is my understanding that the Senator from Idaho (Mr. CHURCH) and the Senator from Colorado (Mr.

DOMINICK) will be prepared to offer a substitute.

So, in summation, Mr. President, there will be yea-and-nay votes on Monday.

#### ADJOURNMENT UNTIL MONDAY AT 11 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 11 a.m. on Monday next.

The motion was agreed to; and, at 2:50 p.m., the Senate adjourned until Monday, March 4, 1974, at 11 a.m.

#### NOMINATION

Executive nomination received by the Senate March 1, 1974:

##### DEPARTMENT OF LABOR

Abraham Weiss, of Maryland, to be an Assistant Secretary of Labor, vice Michael H. Moskow.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate March 1, 1974:

##### DEPARTMENT OF STATE

William S. Mailliard, of California, to be the Permanent Representative of the United States of America to the Organization of American States, with the rank of Ambassador.

##### DEPARTMENT OF JUSTICE

W. Vincent Rakestraw, of Ohio, to be an assistant attorney general.

Stanley G. Pitkin, of Washington, to be U.S. attorney for the western district of Washington for the term of 4 years.

Sidney I. Lezak, of Oregon, to the U.S. attorney for the district of Oregon for the term of 4 years.

Robert E. Johnson, of Arkansas, to be U.S. attorney for the western district of Arkansas for the term of 4 years.

Harry Connolly, of Oklahoma, to be U.S. marshal for the northern district of Oklahoma for the term of 4 years.

Robert D. Olson, Sr., of Alaska, to be U.S. marshal for the district of Alaska for the term of 4 years.

Emmett E. Shelby, of Florida, to be U.S. marshal for the northern district of Florida for the term of 4 years.

(The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

##### THE JUDICIARY

Richard P. Matsch, of Colorado, to be U.S. district judge for the district of Colorado.

Joseph L. McGlynn, Jr., of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania.

Thomas C. Platt, Jr., of New York, to be U.S. district judge for the eastern district of New York.

Robert Firth, of California, to be a U.S. district judge for the central district of California.

##### IN THE AIR FORCE

The following officer to be placed on the retired list in the grade indicated under the provisions of section 8962, title 10 of the United States Code:

To be lieutenant general

Lt. Gen. Robert E. Pursley, [REDACTED] FR (colonel, Regular Air Force) U.S. Air Force.