Whereas, Alexander I. Solzhenitsyn is an outstanding author and has contributed several major literary works in the past decade, for which he has been honored with the Nobel Prize in literature; and

Whereas, He has been a persistent and sharp critic of policies implemented by the Soviet Socialist government to repress politically dissident views; and

Whereas, He has been in the past a victim of such repressive policies, having been imprisoned during the political dictatorship of Joseph Stalin; and

Whereas, He is now again a victim of such policies, having been recently stripped of his Soviet citizenship, unlawfully deported from his country and sent into permanent exile; and

Whereas, The United States of America has long been a "Mother of Exiles" and has welcomed all those "yearning to be free"; now, therefore, be it

Resolved, That the Massachusetts Senate hereby extends its greetings, on behalf of the Commonwealth of Massachusetts, to Alexander I. Solzhenitsyn and his family and invites them to make a new home in the United States of America, where they may enjoy every right and privilege which our Constitution guarantees to the people of this country; and be it further

Resolved, That a copy of these resolutions be transmitted forthwith by the Clerk of the Senate to the Congress of the United States and to Alexander I. Solzhenitsyn and his family.

LABOR-MANAGEMENT COLLEGE OF THE CATHOLIC DIOCESE OF BUFFALO TO HONOR PETER J. RYBKA

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, March 19, 1974

Mr. KEMP. Mr. Speaker, in the course of our lifetimes, we have the privilege of knowing, and we are affected by, outstanding, fellow human beings.

They inspire us. They help shape the attitudes and lives of the people in their communities and in similar pursuits. They seemingly have unlimited capacities to dedicate their energies and their talents for the betterment of others, in the immediate and greater worlds in which they labor.

This Sunday, in my congressional district, the people of western New York will gather to pay tribute to my close, personal friend, and a truly outstanding American, who embodies all of the attributes I have described.

He is Peter J. Rybka, labor and civic leader, union pioneer, public servant, sports fan, devoted family man, father, and grandfather. He will be the recipient of the coveted Bishop's Plaque, awarded annually by the Labor-Management College of the Catholic Diocese of Buffalo, an honor which will be bestowed by the Most Reverend Edward D. Head, Bishop of the Diocese, and the Very Reverend Monsignor Stanley A. Kulpinski, director of the college.

Like many of my constituents and others in our community, Peter Rybka has deep and close cultural ties in Poland, from where his parents emigrated.

His father was a coal miner who emigrated to America with his wife, Sophie, and first settled in the coal mining town of Dupont, Pa., where Peter, the oldest of six children, was born.

At the age of 7, Peter and his parents moved to Buffalo. A year later, when he was only 8, his father was killed in an industrial accident and his mother went to work to support her family.

Her struggle and the hardships of the other members of Peter's family made indelible impressions upon his consciousness. These struggles, he has observed, have helped direct the course of his active involvement to secure opportunities for the less fortunate.

After a limited formal education in parochial elementary and public schools, Peter went to work in a steel mill when he was 15 to help support his mother and his brother, three sisters having fallen victim to a scarlet fever epidemic when he was but 10.

In 1933, he began organizing workers in Buffalo feed mills and other industrial activities.

By hard work and service Peter Rybka rose from union steward, to full-time business representative of the executive board of the Buffalo area AFL-CIO, a post he still holds.

He won election as vice president of the American Federation of Grain Processors. He served on that Council's executive board and later was elected vice president of the succeeding international union, the American Federation of Grain Millers, AFL.

Since 1959, Peter Rybka has served as the full-time vice president of the American Federation of Grain Millers International, responsible for 12 States in the Eastern area.

While pursuing his career and striving for the betterment of his fellow workers and their families, he maintained an active role in western New York political affairs. He served as elected democratic committeemen. He won the Buffalo Council at large seat in 1947 by a record plurality and 111,000 votes of support.

He appointed a fellow trade unionist and another great friend of mine, Stanley M. Makowski, as his personal secretary, a move that contributed to Stan's own distinguished career in public service and his present seat as Buffalo's outstanding mayor.

Peter Rybka went on to serve as the Majority Leader of the Buffalo City Council. And, to this day, he is a vigorous and wise competitor in local, State and Federal election campaigns, playing hard, tough and clean as he did on municipal and semiprofessional baseball teams.

Mr. Speaker, I could go on and on about Peter Rybka's service on a wide variety of labor committees, his 20 years of dedicated service to the Cheektowaga Zoning Board of Appeals, his contributions to Polish-American relations and other public contributions.

Perhaps, most of all, I am deeply grateful for his consistent help and counsel as a knowledgeable and concerned member of the Maritime Trades Union, Buffalo Port Council.

Peter Rybka's assistance to help secure grain milling and storage contracts from the Agriculture Department, his leadership and cooperative efforts to extend the shipping season of the Great Lakes and the Seaway, his unrelenting and continuing work to retain and expand the Buffalo Port's traditional role as the gateway, shipping point for grain and other commodities, his support for pension protection legislation, for emergency medical care of seafarers and port workers, his untiring work to secure a higher minimum wage and other efforts in behalf of greater wage and employment opportunities for the people of our community have been invaluable to me, personally.

I am proud to know him. I am proud to call him my friend.

I am privileged to salute him before my colleagues and the people of America whom he serves.

HOUSE OF REPRESENTATIVES—*Wednesday, March 20, 1974*

The House met at 12 o'clock noon.

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

With Thee is the fountain of life; in Thy light shall we see light.—Psalms 36: 9.

O God of Grace and Lord of Glory who art with us all our days, help us to realize our dependence upon Thee and our constant need of Thy guidance, Thy wisdom, and Thy love. May we always be aware of Thy presence and come to know that with Thee we are ready for every responsibility and equal to every experience.

Let Thy spirit work mightily throughout our Nation and our world that men and women everywhere may turn to Thee for guidance, for wisdom, and for good will. Give us all grace to listen to Thee that we may not be frustrated by fear nor wearied by worry, but in Thy light may we see light and by Thee be given courage to walk in right ways—for Thy sake and the good of our human family. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 2315. An act relating to the compensation of employees of Senate committees.

The message also announced that the Senate disagrees to the amendment of the House to the amendments of the Sen-

ate to the bill (H.R. 12253) entitled "An act to amend the General Education Provisions Act to provide that funds appropriated for applicable programs for fiscal year 1974 shall remain available during the succeeding fiscal year and that such funds for fiscal year 1973 shall remain available during fiscal years 1974 and 1975," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PELL, Mr. RANDOLPH, Mr. WILLIAMS, Mr. KENNEDY, Mr. MONDALE, Mr. EAGLETON, Mr. CRANSTON, Mr. HATHAWAY, Mr. DOMINICK, Mr. JAVITS, Mr. SCHWEIKER, Mr. BEALL, and Mr. STAFFORD to be the conferees on the part of the Senate.

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill and joint resolutions of the House of the following titles:

S. 1276. An act for the relief of Joe H. Morgan;

S.J. Res. 163. Joint resolution authorizing the President to proclaim the last full week in the month of March of each year as "National Agriculture Week" and the Monday of each such week as "National Agriculture Day"; and

S.J. Res. 179. Joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning April 21, 1974, as "National Volunteer Week."

The message also announced that the Vice President, pursuant to section 4355 (a) of title 10, United States Code, appointed Mr. MCGEE, Mr. HUDDLESTON, Mr. GOLDWATER, and Mr. STEVENS, to the Board of Visitors to the U.S. Military Academy.

The message also announced that the Vice President, pursuant to section 6968 (a) of title 10, United States Code, appointed Mr. BIBLE, Mr. CANNON, Mr. FONG, and Mr. MATHIAS to the Board of Visitors to the U.S. Naval Academy.

The message also announced that the Vice President, pursuant to section 9355 (a) of title 10, United States Code, appointed Mr. PASTORE, Mr. HASKELL, Mr. DOMINICK, and Mr. BELLMON to the Board of Visitors to the U.S. Air Force Academy.

MAJORITY LEADER THOMAS P. O'NEILL, JR., REPLIES TO PRESIDENT'S ATTACK ON CONGRESS

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

Mr. O'NEILL. Mr. Speaker, President Nixon engaged in one of his favorite diversions last night, sniping at Congress from the cover of a friendly audience.

His attack on Congress was another attempt to divert the public from his own lack of leadership in the energy crisis. After all, the only energy action program we have is the result of a law passed by Congress last year over the President's objections. And the reason that we have no new law is that the President vetoed it just a few days ago. He took sides with the oil companies who fought the oil price rollback.

On prices, at least, the President is consistent. He also called for deregulation of natural gas—in other words, uncontrolled price increases for gas producers. The President's theory apparently, is that windfall profits for one segment of the energy industry should mean windfall profits for all.

That may be his idea of fairness. Ours here in Congress is a windfall profits tax to prevent the big companies from taking unfair advantage of the people.

Let us not forget that the gasoline shortage has doubled prices at the pumps, and this Nation has no way of requiring that those extra oil company revenues go into more oil and gas exploration.

President Nixon did make one thing clear last night: his priorities and those of the Congress are different. He is worried about the big energy companies and their profits. The Congress is worried about the people who have to pay for it all.

IN REPLY TO PRESIDENT'S ATTACK ON CONGRESS

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

Mr. ROUSH. Mr. Speaker, I rise with reluctance because I have hesitated to speak out about the scandalous affairs that have had such a great effect on our country. But I can no longer stand by in silence while this Congress, and the men and women of this Congress, are attacked repeatedly and unfairly by our Chief Executive.

Mr. Speaker, it is not true that this Congress has been dragging its feet. As a member of the House Appropriations Committee, I can personally testify that Congress is going about its business—that the Congressmen are hard at work on the many, many problems that confront us today.

I cannot help but feel, Mr. Speaker, that when the President complains about ineffectiveness, he is only voicing what he sees around him—the ineffectiveness of his own administration.

Mr. Speaker, I feel what has happened to the administration is a sad thing, but I will not stand by and let the President or anyone else cast the blame on Congress. Congress has stepped into the void left by a weakened administration, and has performed admirably in filling that void. The men and women of Congress, Republican and Democrat, deserve praise for the extra effort they are putting forth, not criticism such as one might expect from a child.

Mr. Speaker, Congress is getting on with the Nation's business. It is time the administration does the same.

IN DEFENSE OF THE PRESIDENT

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

Mr. WYDLER. Mr. Speaker, I cannot help but get the impression, in listening to the majority leader's speech and the speech of the last gentleman, as well, that they both protesteth too much.

The fact of the matter is that the congressional record on helping our Nation meet the energy crisis is a very sorry and sad one. The fact is that the President asked the Congress for 17 bills to help the people of this country to meet the energy crisis. The Congress has responded by passing one bill that was a bill mandatorily allocating fuel oil and gasoline. That bill turned out to be such a poor piece of legislation that it created more problems in this country than it solved.

I think we all would have to admit that in retrospect. On the rest of the legislation, there has been discussion but no action.

I would think, Mr. Speaker, that the people of this country know that no matter what the majority leader might say about this situation, the fact is that the people of the country are not being helped at all when the Congress of the United States does nothing.

It is just not enough to merely criticize the President and demogogue his proposals to solve the energy crisis as merely intended to make the oil companies rich. The President's proposal for a windfall profits tax on the oil industry is one of the proposals. Congress has failed to act upon.

If the Democratic leadership does not like the President's programs it is their right to change them.

But there is no excuse—no excuse at all—for a policy of do-nothing.

AMERICAN PEOPLE NOT BEING FOOLED ON ENERGY CRISIS

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

Mr. HAYS. Mr. Speaker, the gentleman from New York (Mr. WYDLER) who just preceded me in the well, made a few interesting observations, but I believe the gentleman had his facts a little bit mixed up.

Sure, the President has asked for 17 bills, not to help the American people, but to help the big oil companies who dumped 5 or 6 million dollars into CREEP last year, the Committee To Re-Elect the President.

The American people are not being fooled. Somebody should have told the President last night that that television program was being broadcast outside of Texas, because what he was saying was good for the fatcats in the oil industry but it was not good for the American people.

If you think you can go home this fall and convince the people that the President's spokesman, Mr. Simon, who is on TV day in and day out, asking for price increases and advising price increases in gasoline, if you think you can convince the American people that such increases are in their interest, you are welcome to try, but I think that they know in whose interest it is. I think they know what has happened about the 500-percent increase in the cost of propane gas. I think they know what the President wants when he wants all regulations taken off of gas, so that their fuel bills can go up 300 or 400 percent. They are not as gullible as

some of the Members may think they are, and the majority leader was right on target with his speech.

CALL OF THE HOUSE

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. O'NEILL. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 98]

Alexander	Gray	Murphy, Ill.
Andrews, N.C.	Gubser	Murphy, N.Y.
Blatnik	Gude	Patman
Boggs	Hansen, Wash.	Peyser
Brasco	Hébert	Powell, Ohio
Burke, Calif.	Hogan	Railsback
Burke, Fla.	Holifield	Reid
Carey, N.Y.	Huber	Reuss
Chisholm	Jarman	Rodino
Clark	Jones, N.C.	Rooney, N.Y.
Clausen, Don H.	Kuykendall	Ryan
	Lehman	Steiger, Ariz.
Conyers	Litton	Stokes
Dingell	Long, Md.	Teague
Donohue	McClory	Wiggins
Findley	McDade	Wilson, Charles, Tex.
Fraser	McEwen	
Frelinghuysen	Metcalfe	Yatron
Gibbons	Minshall, Ohio	

The SPEAKER. On this rollcall 378 Members have recorded their presence by electronic device, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

APPOINTMENT OF CONFEREES ON H.R. 12253, AMENDING GENERAL EDUCATION PROVISIONS ACT

Mr. PERKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill, H.R. 12253, to amend the General Education Provisions Act to provide that funds appropriated for applicable programs for fiscal year 1974 shall remain available during the succeeding fiscal year and that such funds for fiscal year 1973 shall remain available during fiscal years 1974 and 1975, with the House amendment to the Senate amendments thereto, insist upon the House amendment to the Senate amendments, and agree to the conference requested by the Senate.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, is that simply asking for a conference?

The SPEAKER. That is correct.

Mr. GROSS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. PERKINS, BRADEMAS, O'HARA, QUIE, and DELLENBACK.

PERMISSION FOR COMMITTEE ON SCIENCE AND ASTRONAUTICS TO MEET DURING SESSION OF THE HOUSE TODAY

Mr. HECHLER of West Virginia. Mr. Speaker, I ask unanimous consent that the Committee on Science and Astronautics be permitted to meet during the session of the House today.

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

There was no objection.

PERSONAL PRIVACY RECEIVES A BADLY NEEDED BOOST

(Mr. GOLDWATER asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. GOLDWATER. Mr. Speaker, it is with great pleasure that I take note of the recommendations of Vice President FORD, and the official affirmative agreement by President Nixon to rescind Executive Orders Nos. 11697 and 11709. These orders opened the individual Federal income tax returns of up to 3 million American farmers to analysis and use by the U.S. Department of Agriculture. The rescission clearly is a step in the direction of restoration of the personal privacy of Americans. Whatever the statistical data that could have been gained from access to such records, is not worth the corresponding sacrifice in personal privacy it occasioned.

The manner in which the rescission of the orders was accomplished is equally noteworthy. Vice President FORD, acting in his capacity as head of the new Committee on the Right of Privacy, has moved in a manner that complements the President's announced commitment to a restoration of personal privacy. The President's expeditious and affirmative response rounds out a good first step down the road of restoration of personal privacy. It sets a healthy example for both the public and private sectors of American life.

Congress has been concerned with this problem of personal privacy in all its aspects for some time. This action by the President and the Vice President can serve to bolster congressional interest and action—for after all, in many instances it has been the Congress that established the laws and regulations under which personal privacy has been invaded and personal information has been misused. Only the Congress can remedy the problem. At the very least, Congress should make it declared policy that only the Congress controls the collection and use of such personal information. It is a serious problem that cries for congressional action.

PERMISSION TO RE-REFER H.R. 13100 TO THE COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

Mr. DONOHUE. Mr. Speaker, I ask unanimous consent that the bill H.R. 13100, to provide for the compensation of innocent persons killed or injured or whose property was damaged in the course of the occupation of Wounded Knee, S. Dak., and for other purposes, be rereferred from the Committee on the Judiciary to the Committee on Interior and Insular Affairs.

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

There was no objection.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 993 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 993

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12435) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rates under that Act, to expand the coverage of that Act, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of such consideration, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendments adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except on motion to recommit with or without instructions.

The SPEAKER. The gentleman from Indiana is recognized for 1 hour.

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

Mr. Speaker, the Education and Labor Committee must be commended for the long period of time devoted to hearings, debate, and hard work in preparing this legislation for submission to the House. Congressman DENT and the members of this subcommittee, assigned by Chairman PERKINS for this difficult task, must receive special congratulations for the successful and complicated decisions and reports they are submitting to the House today on legislation to raise the minimum wage.

It was about 6 years ago that the Congress last enacted legislation to improve the income of millions of low-wage earners throughout the Nation. Three years ago, in 1971, efforts were made by the House Labor Committee to increase

the minimum wage of certain segments of our low-paid workers, and that bill passed the Education and Labor Committee by a vote of 26 to 7. But it failed to be acted upon by the House-Senate conference committee.

Last summer, a long-delayed minimum wage bill was enacted by the House. But it was vetoed by the President, which veto was sustained in September of last year. At the time of that veto, millions of underpaid wage earners over the Nation were struggling to keep their families supplied with the necessities of life, after enduring the burden of unreasonable costs of living over the previous 4 years since the last minimum wage bill was enacted.

Since the President vetoed the minimum wage bill last spring, it is estimated that food costs, rents, interest rates, educational expenses, fuel, and all the necessities of life have skyrocketed approximately 10 percent.

One has only to visit families in urban areas, and in many sections of our rural communities where large segments of rural workers are employed on an hourly basis, to observe the deplorable conditions that inflation and the high cost of living have inflicted upon American families in the wage-earning category.

Congressman DENT's Education and Labor Subcommittee has taken the testimony of many witnesses during the months of hearings on this legislation, including Secretary of Labor Brennan and other Government officials, Congressmen, Senators, management and industrial executives, labor union leaders and members, and so forth.

The value of the dollar has eroded to such a low level that the cost of some necessities has almost doubled since the last minimum wage increase.

The proposed minimum wage rate for nonagricultural employees covered under the minimum wage provisions of the act by the 1966 and 1974 amendments will be $1.90 an hour beginning the first day of the second full month after the date of enactment; $2 an hour beginning January 1, 1975; $2.20 an hour beginning January 1, 1976; and $2.30 an hour beginning January 1, 1977.

For agricultural employees covered under the provisions of this act, the minimum wage will be $1.60 an hour beginning the first day of the second month after the date of enactment; $1.80 an hour beginning January 1, 1975; $2 an hour beginning January 1, 1976; $2.20 an hour beginning January 1, 1977; and $2.30 an hour beginning January 1, 1978.

In presenting the legislation before the Rules Committee, Congressman DENT and members of his subcommittee went into detail concerning the application of this bill's provisions pertaining to Federal, State, and local employees, domestic service employees, retail and service establishment employees, and other segments of our economy.

The leaders of our Government, business, and industry, and the American public fully realize that we are in a serious economic situation caused by inflation and the high cost of living, and if the buying power of this Nation is not expanded, we will be in a depression almost as serious as the early thirties, when approximately 14 million American workers were unemployed or working part time. To you older Members of the House, I do not need to give the details of those dreadful depression days when idle workers were craving food and enduring deplorable living conditions, losing their bank deposits and seeing foreclosure of their homes and farms—conditions almost directly brought about by the high interest inflation days of the twenties, when Andrew Mellon, as Secretary of the Treasury, had complete charge of our economy under three Presidents. That tragic depression, which continued for almost 6 or 7 years, was brought about by high interest rates and lack of buying power of millions of unemployed American workers.

Mr. Speaker, House Resolution 993 provides for an open rule with 2 hours of general debate on H.R. 12435, the Fair Labor Standards Amendments of 1974.

House Resolutiton 993 provides that it shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment.

Mr. LATTA. Mr. Speaker, like other Members in the Chamber, I enjoyed listening, as always, to my very favorite chairman, even though sometimes his facts do not agree with history.

I can recall something about those days he spoke of and how many people were unemployed, especially during the period of the Roosevelt administration. I think history will show how we got out of that unemployment problem.

Mr. Speaker, this legislation that the rule makes in order is a compromise. I believe it is acceptable to most of the people who are interested in minimum wage. I might hasten to point out that today we have more people employed in the United States than at any other time in our history. We have an unemployment rate of 5.2 percent, which is too high but still nothing like the unemployment rate during the era that our distinguished chairman spoke about.

I might also say, Mr. Speaker, those smokestacks especially in Gary, Ind., do not employ people at the minimum wage, which is what is covered under this bill. Those people are employed at wages much greater than the minimum wage; and we are thankful for that.

Everybody knows the minimum wage does not apply to too many people. I might say this bill we have up for consideration today has not corrected one of the defects that was in the other bill. It has gone a little way toward it, but it has not corrected the defect, and I think the House should correct that defect. Since this is an open rule, I hope the House will correct the defect.

I have reference to the discrimination that is permitted under this legislation, if it passes and is signed into law, between the student going to school and the individual who cannot go to school for reasons of his own or for family reasons, such as the fact that he does not have the wherewithal to go to school. I am concerned about these young people because a lot of them not having anything to do and not being able to get a job at a higher wage rate will be discriminated against by the student who will be able to work for 20 hours at less than the minimum wage in any 1 week. This person cannot go to school, and I just noticed the other day that of our high school graduates now there are some 50 percent who are not going on to college.

However, as to that 50 percent who go out to try to get a job, if this legislation passes in its present form, they will have to compete for these lower paid jobs with a student employed at a lower figure. You know and I know, Mr. Speaker, who most employers will hire; they will hire the individual whom they can hire at lower cost, and they are discriminating against this individual whom we least want to discriminate against—these people who come from poor families, people who cannot get a job, and cannot go on to school. Because of that a lot of them turn to crime.

So, Mr. Speaker, I would hope my good friend—and he is my good friend—the gentleman from Pennsylvania (Mr. DENT) who has worked many, many hours on this legislation, will take another look at this provision which provides for this discrimination, before this legislation is passed.

Mr. Speaker, I support this rule. It is an open rule with 2 hours of general debate.

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

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

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. DENT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12435) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rates under that act, to expand the coverage of that act, and for other purposes.

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

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12435, with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania (Mr.

DENT) will be recognized for 1 hour, and the gentleman from Minnesota (Mr. QUIE) will be recognized for 1 hour.

The Chair recognizes the gentleman from Pennsylvania (Mr. DENT).

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

Mr. Chairman, for the third time in a couple of years, we are back on the floor of the House of Representatives with a very much-needed draft of legislation attempting to increase the minimum wage to that great number of workers who are the lowest paid workers in America.

Mr. Chairman, I was asked the other day what would have happened if the minimum wage worker was covered by the cost-of-living index increase awarded rather regularly every year by the Chief Executive to the civil servants of this Nation.

Mr. Chairman, in 1967, the year after the last minimum wage increases were passed, civil servants received a 4.5-percent increase, and this would have made the minimum wage at that time $1.67. Coming down the line, 1968, an increase of 4.9 percent; 1969, an increase of 9.1 percent; another 1969 increase of 6 percent, making 15.1 percent in that year alone.

In 1971 there was a 5.96 percent increase; 1972, 5.5; 1973, 5.14; and 1973, again, in October, 4.77. If the minimum-wage worker were to receive the same percentage of increase given to the civil servants of this country of ours, that minimum-wage worker earning $1.60 in 1967 would have come up with a pay schedule today of $2.49 an hour. We are asking initially for $2 even, 49 cents less than what the increases have been on a percentage basis for the much higher paid civil servants.

At this time I do not think it takes an argument or any kind of a logical discussion to talk about an increase to $2 for prior 1966 coverage, or $1.90 for those that were covered in 1966 and by this bill, and $1.60 for the farm and agricultural workers of this Nation of ours. We do hope to accomplish increases from $2 to $2.10 to $2.30, and from $1.90 in three steps to $2.30, and from $1.60 in four steps to $2.30, $2.30 being the eventual wage across the board of all minimum workers in the United States.

When that day comes, then the problems before this Congress will be mostly in deciding only what the cost-of-living index requires and a simple amendment across the board will take care of the lowest paid workers in America.

We are hopeful that this House today will give consideration to this legislation on the basis of need, on the basis of the demand that has been made upon these individuals who in many cases have families to take care of and who have to meet the demands of today's inflationary prices on everything that they buy, and especially the foodstuffs that they consume with their families. It is long overdue.

I believe that every Member of Congress realizes that this is a necessary step to be taken at this time. We have many Members who would like to add, I believe, to the remarks that are being made today.

Mr. Chairman, we have been here before on this matter and there is little more I can say in support of minimum wage legislation than I have already said.

If there is one essential difference between this bill and its ill-fated forerunners, it is that this legsilation is the beneficiary of unanimous support by the Committee on Education and Labor. The committee ordered H.R. 12435 reported by a roll call vote of 33 to 0.

Surely then, you will say, there must be substantive differences between this bill and the bills which were either precluded from House-Senate conference committee action or vetoed. Indeed, there are differences but each Member will have to individually weigh the substance of them.

From the perspective of those of us who have steadfastly advocated all of the measures, we have compromised on key issues but not so much as to do violence to the basic and essential integrity of the legislation. We support this bill with enthusiasm and clear conscience.

From the perspective of those who have opposed our efforts in the past, the compromise was apparently sufficient to reverse their adamance. They too, support this bill.

From the perspectives of us all, we are relieved to be finally free of the heavy burden of this legislation. And we stand together to resist all advances upon it, no matter how tempting the lure. The Congress has written this bill, literally as well as figuratively. We did not seek, nor did we accept, the input of outside interested parties. We simply resolved to do what it was we had to do, and the product is before you.

Mr. Chairman, the details of the legislation follow:

H.R. 12435

SUMMARY OF THE FAIR LABOR STANDARDS AMENDMENTS OF 1974 (AS REPORTED BY THE COMMITTEE ON EDUCATION AND LABOR, MAR. 15, 1974)

A. Increase in the minimum wage rate	Hourly rate	Effective date
Category of coverage:		
Nonagricultural employees covered under the minimum wage provisions of the Fair Labor Standards Act prior to the effective date of the 1966 amendments (including Federal employees covered by the 1966 amendments.)	$2.00	1st day of the 2d full month after the date of enactment.
	2.10	Jan. 1, 1975.
	2.30	Jan. 1, 1976.
Nonagricultural employees covered under the minimum wage provisions of the Fair Labor Standards Act by the 1966 amendments and 1974 amendments.	1.90	1st day of the 2d full month after the date of enactment.
	2.00	Jan. 1, 1975.
	2.20	Jan. 1, 1976.
	2.30	Jan. 1, 1977.
Agricultural employees covered under the minimum wage provisions of the Fair Labor Standards Act	1.60	1st day of the 2d full month after the date of enactment.
	1.80	Jan. 1, 1975.
	2.00	Jan. 1, 1976.
	2.20	Jan. 1, 1977.
	2.30	Jan. 1, 1978.

B. EXTEND COVERAGE OF THE ACT

Minimum wage coverage will be extended to the following:

Federal employees.
State and local employees.
Domestic employees.
Retail and service employees.
Conglomerate employees (in agriculture).
Telegraph agency employees.
Motion picture theater employees.
Logging employees.
Shade grown tobacco processing employees.

Overtime coverage will be extended to the following:

Federal employees.
State and local employees.
Domestic service employees.
Retail and service employees.
Seasonal industry and agricultural processing employees.
Telegraph agency employees.
Hotel, motel, and restaurant employees.
Food service employees.
Bowling establishment employees.
Nursing home employees.
Transit (local) employees.
Cotton ginning and sugar processing employees.
Seafood canning and processing employees.
Oil pipeline transportation employees.
Partsmen and mechanics in certain vehicle sales establishments.

BRIEF SECTION-BY-SECTION ANALYSIS

SECTION 1.11. *Short Title.*—Provide that the act may be cited as the "Fair Labor Standards Amendments of 1974."

SECS. 2 and 3. *Nonagricultural Employees.*—Provides a minimum wage rate for nonagricultural employees covered by the act prior to the effective date of the 1966 amendments, and Federal employees covered by the 1966 amendments, of not less than $2 an hour beginning on the first day of the second full month after the date of enactment, not less than $2.10 an hour beginning January 1, 1975, and not less than $2.30 an hour beginning January 1, 1976.

Provides a minimum wage rate for nonagricultural employees covered by the 1966 and 1974 amendments to the act of not less than $1.90 an hour beginning on the first day of the second full month after the date of enactment, not less than $2 an hour beginning January 1, 1975, not less than $2.20 an hour beginning January 1, 1976, and not less than $2.30 an hour beginning January 1, 1977.

SEC. 4. *Agricultural Employees.*—Provides a minimum wage rate for agricultural (and domestic service—see sec. 7) employees covered by the act of not less than $1.60 an hour beginning on the first day of the second full month after the date of enactment, not less than $1.80 an hour beginning January 1, 1975, not less than $2 an hour beginning January 1, 1976, not less than $2.20 an hour beginning January 1, 1977, and not less than $2.30 an hour beginning January 1, 1978.

SEC. 5. *Government, Hotel, Motel, Restaurant, and Food Service Employees in Puerto*

Rico and the Virgin Islands.—The minimum wage rate for hotel, motel, restaurant, food service, and Government of the United States and the Virgin Islands employees in Puerto Rico and the Virgin Islands shall be in accordance with the applicable rate in the United States.

Other Employees in Puerto Rico and the Virgin Islands.—Provides for an increase of $0.12 an hour on wage orders presently under $1.40 an hour, and $0.15 an hour in wage orders $1.40 or more an hour, effective on the first day of the second full month after the date of enactment. Provides additional annual increases of identical amounts until the wage order rates are in conformance with applicable rates in the United States. In the case of an agricultural employee whose hourly wage is increased (above that required by wage order) by a subsidy paid by the Government of Puerto Rico, the increases shall be applied to the sum of (1) the wage rate and (2) the amount of the subsidy.

Provides for the establishment of special industry committees to recommend minimum wage rates for employees newly covered by the 1974 amendments (including employees of the Government of Puerto Rico and its political subdivisions). The recommended rates cannot be less than 60 per centum of the rates applicable to U.S. employees covered by the 1966 and 1974 amendments, or $1 an hour, whichever is higher.

With respect to other employees covered under wage orders, the rates cannot be less than 60 per centum of the otherwise applicable rates in the United States, or $1 an hour, whichever is higher. Employees of the Government of Puerto Rico and its political subdivisions are subject to this provision only in the initial establishment of wage order rates pursuant to the recommendations of special industry committees.

Provides further that, special industry committees recommend the minimum wage rate applicable in the United States except where pertinent financial information demonstrates inability to pay such rate. Also, that a court of appeals may upon review of a wage order specify the minimum wage rate to be included in the wage order.

SEC. 6. *Federal and State Employees.*—Amends definitions of the act to permit the extension of minimum wage and overtime coverage to Federal, State, and local public employees. Federal, State, and local public employees engaged in fire protection or law enforcement activities, however, are exempt from the overtime provision.

SEC. 7. *Domestic Service Workers.*—States a finding of Congress that domestic service in households affects commerce and that the minimum wage and overtime protections of the act should apply to such employees. This section prescribes therefore, the minimum wage (not less than $1.90 an hour beginning on the first day of the second full month after the date of enactment, not less than $2.00 an hour beginning January 1, 1975, not less than $2.20 an hour beginning January 1, 1976, and not less than $2.30 an hour beginning January 1, 1977) and overtime (compensation for hours worked in excess of 40 per week) rates applicable to such employees. If such employee resides in the household of the employer, minimum wage compensation only is required. The provision does not apply to a person who, on an intermittent basis, provides baby sitting services, or who provides companion services. Domestic service employees are described as those who are engaged in domestic service employment more than 8 hours during a workweek.

SEC. 8. *Retail and Service Establishments.*—Reduces and ultimately repeals the "dollar volume" test for coverage of retail and service establishments of a "chain" under the minimum wage and overtime provisions of the act. Effective July 1, 1974, the minimum wage and overtime provisions of the act will apply to such establishments with gross annual sales or services of $225,000 or more; and effective July 1, 1975, gross annual sales or services of $200,000. Beginning July 1, 1976, all such retail and service establishments will be subject to the minimum wage and overtime provisions of the act.

SEC. 9. *Tobacco Employees.*—Retains a limited overtime exemption for employees engaged in activities related to the sale of tobacco. Overtime compensation must be paid for employment in excess of 10 hours in any workday and 48 hours in any workweek for a period or periods not to exceed 14 workweeks in the aggregate in any calendar year. Without this section, the limited overtime exemption would be ultimately repealed by section 19.

Also repeals the present minimum wage exemption for employees engaged in the processing of shade-grown tobacco.

SEC. 10. *Telegraph Agency Employees.*—Repeals the minimum wage exemption for employees of small telegraph agencies, and reduces and ultimately repeals the overtime exemption for such employees. During the first year after the effective date of the 1974 amendments, overtime compensation must be paid to such employees for hours worked in excess of 48 per week; during the second year, for hours worked in excess of 44 per week; and thereafter, for hours worked in excess of 40 per week.

SEC. 11. *Seafood Canning and Processing Employees.*—Reduces and ultimately repeals the overtime exemption for employees engaged in the processing and canning of seafood. During the first year after the effective date of the 1974 amendments, overtime compensation must be paid to such employees for hours worked in excess of 48 per week; during the second year, for hours worked in excess of 44 per week; and thereafter, for hours worked in excess of 40 per week.

SEC. 12. *Nursing Home Employees.*—Amends the overtime exemption for nursing home employees to provide an overtime exemption for employment up to 8 hours in any workday and up to 80 hours in any 14-consecutive-day work period. This coverage is identical to that for hospital employees. The present overtime exemption for nursing home employees is for employment up to 48 hours in any workweek.

SEC. 13. *Hotel, Motel, and Restaurant Employees and Tipped Employees.*—Reduces the overtime exemption for employees (other than maids and custodial employees in hotels and motels) employed in hotels, motels, and restaurants. During the first year after the effective date of the 1974 amendments, overtime compensation must be paid to such employees for hours worked in excess of 48 per week, and thereafter, for hours worked in excess of 46 per week.

The overtime exemption for maids and custodial employees in hotels and motels is reduced and ultimately repealed. During the first year after the effective date of the 1974 amendments, such employees must be paid overtime compensation for hours worked in excess of 48 per week; during the second year, four hours worked in excess of 46 per week; during the third year, for hours worked in excess of 44 per week; and thereafter, for hours worked in excess of 40 per week.

With respect to tipped employees, the tip credit provision of the act is not to apply unless the employer has informed each of his tipped employees of the tip credit provision and all tips received by a tipped employee have been retained by the tipped employee (either individually or through a pooling arrangement).

SEC. 14. *Salesmen, Partsmen, and Mechanics.*—Provides an overtime exemption for any salesmen primarily engaged in selling automobiles, trailers, trucks, farm implements, boats, or aircraft if employed by a nonmanufacturing establishment primarily engaged in the business of selling such vehicles to ultimate purchasers. Also provides an overtime exemption for partsmen and mechanics of automobile, truck, and farm implement dealerships.

SEC. 15. *Food Service Establishment Employees.*—Reduces and ultimately repeals the overtime exemption for employees of food service establishments. During the first year after the effective date of the 1974 amendments, overtime compensation must be paid to such employees for hours worked in excess of 48 per week; during the second year, for hours worked in excess of 44 per week; and, thereafter, for hours worked in excess of 40 per week.

SEC. 16. *Bowling Establishment Employees.*—Reduces and ultimately repeals the overtime exemption for employees employed in bowling establishments. Beginning 1 year after the effective date of the 1974 amendments, such employees must be paid overtime compensation for hours worked in excess of 44 per week, and beginning 2 years after the effective date, for hours worked in excess of 40 per week.

SEC. 17. *Substitute Parents for Institutionalized Children.*—Provides an overtime exemption for couples who serve as houseparents of children who are institutionalized by reason of being orphaned or having one deceased parent. Further provides that such employed couples must receive cash wages of not less than $10,000 annually, and reside on the premises of the institution and receive their board and lodging without cost.

SEC. 18. *Employees of Conglomerates.*—Precludes the availability of the minimum wage exemption presently applicable for certain employees employed in agriculture to a controlling conglomerate with an annual gross volume of sales made or business done in excess of $10 million, if the conglomerate materially supports the employing agricultural entity.

SEC. 19. *Seasonal Industry Employees.*—Existing law provides an overtime exemption for employment in seasonal industries up to 10 hours in any workday or 50 hours in any workweek for not more than 10 workweeks during the calendar year. Existing law also provides an overtime exemption for employment in agricultural processing up to 10 hours in any workday or 48 hours in any workweek for not more than 10 workweeks during the calendar year. In the case of an employer who does not qualify for the overtime exemption under both categories the exemption is extended to 14 workweeks during the calendar year for the category under which he does qualify.

The overtime exemption for employment in seasonal industries is reduced to 48 hours in any workweek for not more than 7 workweeks beginning on the effective date of the 1974 amendments, not more than 5 workweeks beginning January 1, 1975, and not more than 3 workweeks beginning January 1, 1976. The overtime exemption for employment in agricultural processing is reduced to not more than 7 workweeks beginning on the effective date of the 1974 amendments, not more than 5 workweeks beginning January 1, 1975, and not more than 3 workweeks beginning January 1, 1976. In the case of an employer who does not qualify for the overtime exemption under both categories, the exemption is reduced from 14 workweeks during the calendar year to 10 workweeks during 1974, to 7 workweeks during 1975, and to 5 workweeks during 1976. Effective December 31, 1976, the overtime exemptions are repealed.

SEC. 20. *Cotton Ginning and Sugar Processing Employees.*—Repeals the current overtime exemption and provides a limited over-

time exemption for certain employees engaged in cotton ginning and sugar processing as follows:

Annual workweeks	Hours of work permitted during each such workweek without payment of overtime compensation		
	1974	1975	1976 and thereafter
6 weeks	72	66	60
4 weeks	64	60	56
2 weeks	54	50	48
2 weeks	48	46	44
Balance of year	48	44	40

SEC. 21. *Transit Employees.*—Reduces and ultimately repeals the overtime exemption for any driver, operator, or conductor employed by an employer engaged in the business of operating a street, suburban or interurban electric railway, or local trolley or motor bus carrier. During the first year after the effective date of the 1974 amendments, overtime compensation must be paid to such employees for hours worked in excess of 48 per week; during the second year, for hours worked in excess of 44 per week; and thereafter, for hours worked in excess of 40 per week. *In determining* the hours of employment of such an employee, hours employed in charter activities shall not be included if (1) the employee's employment in such activities was pursuant to an agreement or understanding with his employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employee's regular employment.

SEC. 22. *Cotton and Sugar Services Employees.*—Retains a limited overtime exemption for certain employees engaged in cotton ginning and sugar processing activities. Overtime compensation must be paid for employment in excess of 10 hours in any workday and 48 hours in any workweek for a period or periods not to exceed 14 workweeks in the aggregate in any calendar year. Without this section, the limited overtime exemption would be ultimately repealed by section 19.

SEC. 23. *Motion Picture Theaters, Logging Crews, and Oil Pipeline Transportation Employees.*—Repeals the minimum wage exemption for employees of motion picture theaters, and logging employees, but retains the overtime exemption for such employees. Also repeals the overtime exemption for employees of oil pipeline transportation companies.

SEC. 24. *Employment of Students.*—Provides for the employment of full-time students (regardless of age but in compliance with applicable child labor laws) at wage rates less than those prescribed by the act in retail and service establishments, agriculture, and institutions of higher education at which such students are enrolled. Students may be employed at a wage rate of not less than 85 per centum of the applicable minimum wage rate or $1.60 an hour ($1.30 an hour in agriculture), whichever is the higher, pursuant to special certificates issued by the Secretary. Such special certificates shall provide that such students shall, except during vacation periods, be employed on a part-time basis (not to exceed 20 hours in any workweek). In the case of an employer who intends to employ five or more students under this section, the Secretary may not issue a special certificate unless he finds the employment of any such student "will not create a substantial probability of reducing the full-time employment opportunities" of other workers.

In the case of an employer who intends to employ less than five students under this section, the Secretary may issue a special certificate if the employer certifies to the Secretary that he is not thereby reducing the full-time employment opportunities of other works. The certification requirements are not applicable to the employment of full-time students by the educational institutions at which they are enrolled. Sections 15 (Prohibited Acts) and 16 (Penalties) of the act would be applicable to an employer who violated the requirements of this section. A summary of the special certificates issued under this provision is required to be included in the Secretary's annual report on the act.

Section 24 also provides that the Secretary may waive the minimum wage and overtime provisions of the act with respect to a student employed by his elementary or secondary school, where such employment constitutes an integral part of the regular education program provided by the school and is in accordance with applicable child labor laws.

SEC. 25. *Child Labor.*—The employment of children under age 12 in agriculture is prohibited unless they are employed on a farm owned or operated by their parents or guardians, or on a farm exempt from the minimum wage provisions of the act. Children 12 or 13 years of age may work in agriculture only with the written consent of their parents or guardians or if their parents or guardians are employed on the same farm. For persons 14 years of age or older, prior consent is not required for employment in agriculture.

Any person who violates the child labor provisions of the act or applicable regulations, is subject to civil penalties. The Secretary is permitted to require employers to obtain employee's proof of age.

SEC. 26. *Suits by the Secretary.*—Authorizes the Secretary to sue for back wages (which he can do now) but also to sue for an equal amount of liquidated damages without requiring a written request from the employee. The Secretary could also sue even though the suit might involve issues of law that have not been finally settled by the courts. In the event the Secretary brings such an action, the right of an employee provided by section 16(b) of the act to bring an action on behalf of himself, or to become party to such an action would terminate, unless such action is dismissed without prejudice, on motion by the Secretary.

SEC. 27. *Economic Effects Studies.*—In addition to and in furtherance of the requirements of section 4(d) of the act, the Secretary is required to conduct studies on the justification or lack thereof for each of the exemptions provided by sections 13(a) and 13(b) of the act. Such studies shall include an examination of the extent to which employees of conglomerates receive the sections (13(a) and (b) exemptions and the economic effect of their inclusion in such exemptions. The report on the study would be due not later than January 1, 1976.

SEC. 28. *Nondiscrimination on Account of Age in Government Employment.*—Extends the provisions of the Age Discrimination in Employment Act to an employer with 20 or more employees. Also extends the provisions of the act to State and local governments and their related agencies.

States a policy of nondiscrimination on account of age in the Federal government, and authorizes the U.S. Civil Service Commission to enforce that policy.

SEC. 29. *Effective Date.*—Provides that the effective date of the 1974 amendments shall be the first day of the second full month after the date of enactment.

With respect to what we have done to the wage schedules, greater understanding will probably be served by a comparison of the relevant provisions of last year's vetoed conference report, the subsequently introduced Quie-Erlenborn bill (H.R. 10458), and the bill before us. For this purpose, we must assume that the conference report would have been enacted in September 1973—when vetoed—the Quie-Erlenborn bill would have been enacted in September 1973—when introduced—and this bill would have been enacted in January 1974—when introduced. The fact that this bill will be enacted this month or next, does not affect the comparisons.

I. NONAGRICULTURAL EMPLOYEES COVERED UNDER THE MINIMUM WAGE PROVISIONS OF THE FAIR LABOR STANDARDS ACT PRIOR TO THE EFFECTIVE DATE OF THE 1966 AMENDMENTS

Effective date (by year)	Conference report	Quie-Erlenborn	Dent (revised)
1973	$2.00	$2.00	
1974	2.20	2.10	$2.00
1975		2.20	2.10
1976		2.30	2.30

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I. NONAGRICULTURAL EMPLOYEES COVERED UNDER THE MINIMUM WAGE PROVISIONS OF THE FAIR LABOR STANDARDS ACT BY THE 1966 AMENDMENTS AND 1973(4) AMENDMENTS—EXCEPT FOR DOMESTIC SERVICE EMPLOYEES IN REVISED DENT BILL

Effective date (by year)	Conference report	Quie-Erlenborn	Dent (revised)
1973	$1.80	$1.80	
1974	2.00	2.00	$1.90
1975	2.20	2.20	2.00
1976		2.30	2.20
1977			2.30

III. AGRICULTURAL EMPLOYEES (AND DOMESTIC SERVICE EMPLOYEES IN THE REVISED DENT BILL) COVERED UNDER THE MINIMUM WAGE PROVISIONS OF THE FAIR LABOR STANDARDS ACT

Effective date (by year)	Conference report	Quie-Erlenborn	Dent (revised)
1973	$1.60	$1.60	
1974	1.80	1.80	$1.60
1975	2.00	2.00	1.80
1976	2.20	2.20	2.00
1977		2.30	2.20
1978			2.30

We have also modified the test of coverage for domestic service employees from the social security test—$50 per calendar quarter from a single employer—used in earlier legislation—including the vetoed conference report—to a test which covers any such employee who in any workweek is employed in domestic service for more than 8 hours in the aggregate in one or more households.

This legislation, unlike the vetoed bill, provides an exemption from the overtime provisions for public employees engaged in fire protection or law enforcement activities including security personnel in correctional institutions.

We have also modified the student employment provisions, to render them more accessible to employers willing to employ students under the requirements of the amendment.

With respect to the student employment provisions, I would point out that the term "employer" is defined in the statute and was not chosen without being mindful of legislative intent. It does not appear in the revelant provisions of existing law, so the Secretary cannot be guided by past practice.

We intend by the use of the term "employer," that the Secretary look to the

highest level of person acting directly or indirectly in the interest of an employer in relation to an employee; that is, the highest structure of ownership or control. We intend, for example, that a controlling conglomerate or a chain be considered the employer when the Secretary determines whether one of its subsidiaries or establishments is employing less than five—or more than four—students pursuant to special certificates. See *Phillips* v. *Walling*, 324 U.S. 490 and *Mitchell* v. *Bekins Van and Storage Company*, 352 U.S. 1027.

Mr. Chairman, I would now like to clarify our intent with respect to a couple of the provisions to the extent the bill itself is unclear.

For instance, the bill modifies section 3(m) of existing law by requiring employer explanation to employees of the tip credit provisions, and by requiring that all tips received be paid out to tipped employees. We intend to make clear where the burden of proof rests in legal proceedings. Under this provision the burden is clearly on the employer to provide to a court's satisfaction that the amount of tip credit claimed by such employer was actually received as tips by the employee. The employer must meet this burden with objective data, such as tipping practices and receipts in his establishment.

With respect to the provisions applicable to Puerto Rico and the Virgin Islands, the committee is aware that industry committees meet throughout a year to recommend increases in relevant wage orders, and further recognizes that such committees are now convened and that others have recently discharged their responsibilities. Acknowledging the inequity involved with mandating across-the-board adjustments in wage orders which have only recently been increased upon recommendation of appropriate industry committees, the committee intends that the Secretary consider such increases in applying the statutory adjustments; that is, that increases recommended within a reasonable time prior to the effective date of the statutory adjustments be compared to the increases required by the bill so that only the greater of the two shall initially apply. For purposes of administration, the committee intends that 3 months be deemed a reasonable time.

With respect to the test of coverage for domestic service employees, the committee intends that the burden be placed on the employer who is not employing such an employee at the minimum wage rate to be certain the employee is not covered; that is, that the employee is not employed in domestic service during the workweek for more than 8 hours in the aggregate in one or more households. The minimum wage liability of the employer is fixed by the employee's hours of work during the workweek. Of course, the provisions of section 16 of existing law apply fully and equally to this coverage.

Section 28 of the bill extends the provisions of the Age Discrimination in Employment Act to public employees. The committee is aware of programs supported by the Administration on Aging, however, designed to assist in the employment of individuals over age 65. We have no desire, by the effect of this provision, to impede the operation of such programs and do not expect the Secretary to construe this amendment to that extent.

Section 6 of the bill extends minimum wage and overtime coverage to Federal employees, as well as State and local government employees. With respect to Federal employees, the bill authorizes the Civil Service Commission with responsibility for administering the provisions of the act to most employees of the United States. The Commission, however, is not given such authority over employees of the Library of Congress, U.S. Postal Service, or Postal Rate Commission. Nor do we intend that the Commission have such authority over employees of the Tennessee Valley Authority, TVA.

Administration of the act by the Commission with relation to the bulk of Federal employees is logical because title 5 of the United States Code contains provisions establishing their pay and working conditions. In most cases the Civil Service Commission is entrusted with administration of these statutes. Thus, administration of the Fair Labor Standards Act by an agency other than the Commission would cause serious conflicts.

Application of Civil Service Commission administration to TVA, however, could not be justified by this potential administrative conflict. Section 3 of the TVA Act states:

> The board shall without regard to the provisions of Civil Service laws applicable to officers and employees of the United States, appoint such managers, assistant managers, officers, employees, attorneys, and agents as are necessary for the transaction of its business, fix their compensation, define their duties, require bonds of such of them as the board may designate, and provide a system of organization to fix responsibility and promote efficiency. Any appointee of the board may be removed in the discretion of the board. No regular officer or employee of the Corporation shall receive a salary in excess of that received by the members of the board.

This provision established TVA's independence from many laws for which the Civil Service Commission has administrative authority. In recognition of the provisions of section 3 of the TVA Act, Congress has, by direct reference or definition, excluded TVA from many sections of title 5, and from subchapter V of chapter 55, premium pay. As a result, pay and working conditions at TVA are the subject of wide-ranging collective bargaining not subject to the limitations imposed on most Federal agencies by this and other parts of title 5 of the United States Code.

We intend therefore that the Secretary have authority over the administration of the act regarding TVA employees. The Senate has amended its bill to achieve this effect.

Finally, Mr. Chairman, I would like to address myself to a section of the committee report entitled, "The Youth Employment Project." It appears beginning on page 36 of the report.

Mr. Chairman, this language reflects the committee's resolution of the difficult and divisive subject of the so-called youth employment provision. As all Members know, the provision would have permitted any employer to employ youth at a subminimum wage rate irrespective of their status as full-time workers in the labor force.

My personal views on this provision have been so often expressed they do not bear repetition. My views—and those of the majority of the committee, and apparently the majority of the Congress, as reflected by the defeat of the youth employment amendment in both Houses last year—are fairly stated by the discussion under "youth employment" in House Report No. 93-232, which accompanied H.R. 7935, last year's minimum wage legislation.

House Report No. 93-913, which accompanies the bill before use, takes note of this history. It goes on, however, to express the view that the committee does not object to the development and implementation of a limited pilot project—the youth employment project—in which certain employing establishments are permitted to pay to youth workers wages lower than the otherwise applicable minimum wage rate in order to determine the actual effects of such lower wages on the employment patterns of young and adult workers. The qualifications under which the project is to be conducted are several and are to be strictly applied by the Secretary.

For instance, the number of employing establishments participating in the project cannot exceed eight at any given time. These words were chosen with care and mean exactly what they say. They do not mean eight employers with project workers employed in several of the establishments of that employer. The test is on the establishment unit—the employing establishment.

By the same token, the individual employing establishment is the test when the Secretary determines the maximum number of workers which any employer may be authorized by the Secretary to employ under the project. The maximum cannot exceed 5 percent of the total number of workers in that particular establishment, or 100, whichever is the lesser.

This means that, at the very most, no more than 800 workers can be employed under the project at any given time.

Another qualification is that the employment involved provide a responsible work experience. We do not intend that the project be a substitute for cheap labor. It is intended to afford a responsible work experience to youth who otherwise would not be afforded the experience of meaningful employment. Within this context, I do not consider pushing hamburgers across a counter a responsible work experience.

The report is silent on the duration of any such employment. That is a deliberate omission to give the Secretary some flexibility in adopting the project to the employments involved. But I would think our objective is clearly to have the youth employed for a sufficient period of time to acquire responsibility from the work experience and the requisite degree of skill associated with the employment, and then to move on

within the employing establishment at or in excess of the applicable minimum wage rate.

We also intend that the Secretary take careful note of the additional prescribed qualifications, specifically that the project be administered consistent with all purposes and provisions of the act, that workers be employed under the project only in order to prevent curtailment of opportunities for employment, and that such employment not create a substantial probability of reducing the full-time employment opportunities for other workers. There are other significant qualifications as well.

Because "the youth employment project" cannot be squarely reconciled with the law and any existing regulations issued thereunder, we can appreciate that the Secretary will want to follow the prescriptions set forth in the committee report with great care regarding so-called youth employment. We have essentially carved this project out of our own intent and reflected that clear intent in the report. Any deviation will be met with a quick congressional response and we will not be hesitant to revoke the authority we have established in the report. The Secretary is required to report periodically on this project, prior to submission of his final report in 1977, and we will undoubtedly follow it attentively by both the reports and our oversight responsibilities via the public hearing mechanism.

Mr. Chairman, I have probably belabored discussion of the youth employment project, but the notion of so-called youth employment has become of such volatility it has quite naturally engendered strong and outspoken feelings. But because of that background, it is important that the Secretary understand in unmistakeable terms that the purpose and specifications of our action are not to be altered in any fashion.

Mr. Chairman, having said all of that, I will close with the wish that this legislation enjoy the strong and affirmative support it deserves. As I said earlier, it is a product of the Congress and a proper example of the kind of progressive and meaningful legislation which an overwhelming majority of the Congress can support when the Congress resists undue outside interference and performs its legislative function with the public interest in clear focus. In that context, I would like to pay special tribute to my two strong subcommittee allies on minimum wage legislation, PHIL BURTON and BILL CLAY, to our patient and cooperative full committee chairman, CARL PERKINS, and to two honorable and distinguished adversaries on the minority side, AL QUIE and JOHN ERLENBORN. We all came together this year in a spirit of understanding and good faith and did the job that had to be done. We are now united and will go to the House-Senate conference on this legislation equally united. I hope and expect that comity will continue well into the future on all other matters.

Mr. Chairman, my extraneous matter follows:

Civil service comparability increases applied to minimum wage worker

Civil service percentage increase:	Minimum wage worker
1967 (October), 4.5%	$1.67
1968 (July), 4.9%	1.75
1969 (July), 9.1%	1.91
1969 (December), 6.0%	2.02
1971 (January), 5.9%	2.14
1972 (January), 5.5%	2.26
1973 (January), 5.14%	2.38
1973 (October), 4.77%	2.49

Percentage increases in minimum wage rate

(1) 1938 enactment (initial $0.25; increase to $0.40), 60 percent increase.

(2) 1949 amendments ($0.40 to $0.75), 87.5 percent increase.

(3) 1955 amendments ($0.75 to $1.00), 33⅓ percent increase.

(4) 1961 amendments ($1.00 to $1.25), 25 percent increase.

(5) 1966 amendments ($1.25 to $1.60), 28 percent increase.

1974 AMENDMENTS

Employees covered prior to effective date of 1966 amendments

$1.60 to $2.00, 25 percent increase.
$2.00 to $2.10, 5 percent increase.
$2.10 to $2.30, 9.5 percent increase.

Employees covered by 1966 and 1974 amendments

$1.60 to $1.90, 12.5 percent increase.
$1.90 to $2.00, 5.3 percent increase.
$2.00 to $2.20, 10 percent increase.
$2.20 to $2.30, 4.5 percent increase.

POVERTY THRESHOLD LEVEL AND THE MINIMUM WAGE RATE
POVERTY LEVEL THRESHOLD FAMILY—OF 4 (NET INCOME)

	Continental United States	Hawaii	Alaska	Present minimum wage (gross income)
Non-farm	$4,300	$4,940	$5,380	$3,200
Farm	3,655	4,200	4,570	2,600

	Continental United States	Hawaii	Alaska	Initial minimum wage increase (gross income)
Non-farm	$4,300	$4,940	$5,380	$4,000
Farm	3,655	4,200	4,570	3,200

FACT SHEET—THE MINIMUM WAGE AND INFLATION, UPDATED FEBRUARY 26, 1974

I. KEY FIGURES

C.P.I. (1967=100)

1966 (-----)	97.2
1967 (Jan.)	98.6
1968 (Jan.)	102.0
1974 (Jan.)	139.7

Percent increase: January 1974

1966–Jan. 1974	43.7%
Jan. 1967–Jan. 1974	41.7%
Jan. 1968–Jan. 1974	37.0%

II. KEY FACTS

The 1966 Amendments to the FLSA provided for a $1.60 minimum wage to be achieved in two steps—$1.40 on February 1, 1967, and $1.60 on February 1, 1968.

A. *The $1.60 rate was enacted in 1966.* Therefore, a rate of $2.30 was required in January 1974 to compensate for changes in the CPI since 1966.

B. *The $1.60 rate became effective on February 1, 1968.* Even if the minimum wage is adjusted only for changes in the cost of living since January 1968, a minimum wage of $2.19 was required in January 1974 in order for the minimum wage worker to have the same purchasing power as the $1.60 rate yielded him in February 1, 1968.

C. *Projections:*

The minimum wage rates of $2.30 an hour and $2.19 an hour must be adjusted for anticipated price increases after January 1974 (the latest date for which the consumer price index is available).

1. Assuming $2.30 in January 1974 and price increases of 9.4% per year: (The current annual rate of inflation for the past twelve months).

Then:
January 1975=$2.52.
January 1976=$2.75.
January 1977=$3.01.

FACT SHEET—MINIMUM WAGE AND THE STANDARD OF LIVING, FEBRUARY 28, 1974

The erosion of the standard of living of a full-time, year-round, minimum-wage worker is shown by comparison of this worker's total yearly earnings to the official poverty level for a non-agricultural family of four; to the lower budget level of the Bureau of Labor Statistics; and by noting the percentage of his total earnings that must be spent on food, according to the Economy Food Plan of the Department of Agriculture.

In 1968, the total earnings of a full-time, minimum-wage worker were $225 below the poverty level for a non-agricultural family of four. By January of 1974, this worker's total earnings were $1,436 below the poverty level.

In the spring of 1969, the full-time, year-round, minimum-wage worker's earnings were $3,216 below the lower budget level of the Bureau of Labor Statistics. In January of 1974, the same minimum-wage worker was $4,981 below the lower level budget.

Additionally, the plight of the minimum-wage worker is shown by the percentage of that worker's earnings that must be used to buy food. In December of 1968, a full-time, year-round, minimum-wage worker, family of four, had to spend $1,196 or 36 percent of his income for food. By January 1974, the same minimum-wage worker now had to spend $1,742 for food or 52 percent of his total earnings for food. Further, the Economy Food Plan, from which these food costs are taken, is designed solely for temporary or emergency use when funds are low according to the Department of Agriculture.

2. Assuming $2.19 in January 1974 and price increases of 9.4% per year:

January 1975=$2.40.
January 1976=$2.62.
January 1977=$2.87.

III. EROSION OF THE $1.60 FEDERAL MINIMUM WAGE

A. Assuming the Congress decided in 1966 that $1.60 was an appropriate minimum wage considering living costs at that time—then the minimum wage was worth only $1.13 in January 1974.

B. Assuming that February 1968, the effective date of the $1.60 rate is a more conservative base from which to measure erosion, then the $1.60 rate was worth $1.17 an hour in January 1974.

IV. BURDEN OF FIGHTING INFLATION UPON THE WORKING POOR

If workers earning the statutory minimum wage had received a 5.5 percent yearly wage increase, the wage standard of the President's Cost-of-Living Council, then the federal minimum wage would presently be $2.21 an hour (February 1974) increasing to $2.33 by February 1975 and $2.46 by February 1976.

TABLE 1.—COMPARISON OF THE MINIMUM WAGE WORKER INCOME AND THE POVERTY LEVEL INCOME OF A 4-PERSON FAMILY, 1968-74

Year	CPI (1967=100)	Poverty level[1] income (non-farm 4-person family)	Minimum wage earnings: Hourly rate	Minimum wage earnings: Annual earnings (2,080 hr)	Number of dollars a full-time minimum wageworker's income is below poverty level
1968	104.2	$3,553	$1.60	$3,328	$225
1969	109.8	3,743	1.60	3,328	415
1970	116.3	3,968	1.60	3,328	640
1971	121.3	4,137	1.60	3,328	809
1972	125.3	4,273	1.60	3,328	945
1973	133.1	4,539	1.60	3,328	1,211
1974 (January)	139.7	4,765	1.60	3,328	1,436
PROJECTION					
1975 (January)	[2] 152.8	$5,210	[4] $2.00	$4,160	$1,050
			[4] 2.10	4,368	842
1967 (January)	[3] 160.5	5,473	[4] 2.20	4,576	897
			[4] 2.30	4,784	689
1977 (January)	[3] 168.5	5,745	[5] 2.77	5,762	−17

[1] Poverty level incomes were derived from the revised method of adjusting the Social Security Administration's 1963 poverty thresholds for changes in the CPI (all items).
[2] Computed assuming continuation of the rate of inflation for the last 12 mo. of 9.4 percent throughout the next year.
[3] Computed assuming estimated 5 percent rate of increase in CPI from January 1975 through January 1977.
[4] Assumes adoption of higher minimum wage rates through FLSA legislation.
[5] Minimum wage rate needed go bring full-time minimum wageworker above poverty level given above assumptions.

TABLE 2.—COMPARISON OF THE MINIMUM WAGEWORKER'S INCOME AND THE LOWER BUDGET LEVEL OF A 4-PERSON FAMILY, SPRING 1969 THROUGH JANUARY 1974

	Full-time minimum wage worker's annual earnings	Lower budget of BLS	Number of dollars a full-time minimum wage worker's income is below lower level budget
Spring 1969	3,328	6,544	3,216
Spring 1970	3,328	6,960	3,632
Fall 1971	3,328	7,214	3,886
Fall 1972	3,328	7,786	4,058
January 1974	3,328	[1] 8,309	4,981

[1] Estimate.

TABLE 3.—COMPARISON OF MINIMUM WAGEWORKER INCOME AND THE ECONOMY FOOD PLAN COST FOR A FAMILY OF 4[1]

Date	Total yearly earnings for a full-time minimum wageworker	Yearly economy food plan[2] cost for family of 4	Percentage food cost is of total earnings
December 1968	3,328	$1,196.00	36
December 1969	3,328	1,274.00	38
December 1970	3,328	1,279.20	38
December 1971	3,328	1,336.40	40
December 1972	3,328	1,388.40	42
December 1973	3,328	1,705.60	51
January 1974	3,328	1,742.00	52

[1] The Economy Food Plan is the least expensive food plan, designed for temporary or emergency use when funds are low according to the Department of Agriculture.
[2] The Economy Food Plan of the Department of Agriculture is based upon a household food consumer survey taken by the Department of Agriculture in 1965-66. The figures are for a family of 4. The husband and wife are assumed to be between the ages of 20 to 35, 1 child, male or female, age 6 to 9 the other male, age 9 to 12.

Estimated distribution of nonsupervisory employees who would be brought under the overtime compensation protection of the act by H.R. 12435

[Number of employees to be covered by the bill—In thousands]

Industry:	
Federal, State, and local government	4,555
Domestic service	1,150
Retail or service establishments	520
Oil pipeline	15
Seafood canning and processing	40
Transit	35
Hotel, motel, and restaurant	1,512
Nursing home	742
Salesmen, partsmen, and mechanics	11
Food service	199
Bowling establishments	48
Seasonal industries	641
Telegraph agencies	[1]
Cotton ginning	
Sugar processing	26
Total	9,525

[1] No estimate available.

NOTE.—With respect to certain hotel, motel, and restaurant employees, and employees engaged in cotton ginning and sugar processing activities, the bill does not require the payment of overtime compensation for hours worked in excess of 40 during a workweek, but rather, for greater numbers of hours worked during a workweek.

Estimated distribution of nonsupervisory employees who would be brought under the minimum wage protection of the act by H.R. 12435

[Number of employees to be covered by the bill—In thousands]

Industry:	
Federal, State, and local government	5,079
Domestic service	1,285
Retail or service establishments	654
Agriculture	25
Motion picture theaters	59
Logging	42
Telegraph agencies	[1]
Shade grown tobacco	[1]
Conglomerates	[1]
Total	7,144

[1] No estimate available.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES COVERED UNDER THE MINIMUM WAGE PROVISIONS OF THE FAIR LABOR STANDARDS ACT BY INDUSTRY[1]

[In thousands]

Industry	Total number of employees in industry	Number of employees covered	Number of employees not covered or exempt
Agriculture	1,232	513	719
Mining	573	568	5
Contract construction	3,625	3,608	17
Manufacturing	17,628	17,524	104
Transportation and public utilities	4,181	4,104	77
Wholesale trade	2,691	2,683	8
Retail trade	11,015	7,149	3,866
Finance, insurance, real estate	2,813	2,662	151
Service industries (except private households)	9,626	7,087	2,539
Private households	2,060		2,060
Federal Government	2,308	615	1,693
State and local governments	6,300	2,914	3,386
Total	64,052	49,427	14,625

[1] Estimates exclude 2,147,000 outside salesmen exempt under sec. 13(a)(1) of the act.

ESTIMATED NUMBER OF NONSUPERVISORY EMPLOYEES COVERED UNDER THE OVERTIME PROVISIONS OF THE FAIR LABOR STANDARDS ACT, BY INDUSTRY[1]

[In thousands]

Industry	Total number of employees in industry	Number of employees covered	Number of employees not covered or exempt
Agriculture	1,232		1,232
Mining	573	556	17
Contract Construction	3,625	3,570	55
Manufacturing	17,628	16,856	772
Transportation and Public Utilities	4,181	2,407	1,774
Wholesale Trade	2,691	2,476	215
Retail Trade	11,015	5,157	5,858
Finance, insurance, real estate	2,813	2,661	152
Service industries (except private households)	9,626	5,511	4,115
Private households	2,060		2,060
Federal Government	2,308	615	1,693
State and local government	6,300	2,764	3,536
Total	64,052	42,573	21,479

[1] Estimates exclude 2,147,000 outside salesmen exempt under section 13(a)(1) of the Act.

Mr. QUIE. Mr. Chairman, I yield to the gentleman from Illinois (Mr. ERLENBORN) such time as he may consume.

Mr. ERLENBORN. Mr. Chairman, I rise in support of H.R. 12435. It is certainly a contrast to see the gentleman from Pennsylvania (Mr. DENT) and me rise in support of this bill as compared with what happened last year and the year before with minimum wage legislation. I think the passage of time, plus the one substantial difference this year of the opportunity for cooperation and compromise, explains the difference between what happened in the past and what is happening today. The passage of time has shown us that with the inflation that we have experienced, last year in particular, and the last several years generally, it is difficult for anyone to argue that an increase in the minimum wage rate is not justified.

Oh, there are those who still today say that any increase in the minimum wage would be inflationary; it would cause pressures for other wage rates above the minimum to go up, also. I think it is just as logical to say that increasing the minimum wage rate today recognizes the inflation that already has taken place.

I am pleased, as I say, that we have had the opportunity of compromise this year that was not apparent in the last

several years. In that spirit of compromise in the subcommittee the gentleman from Pennsylvania and his colleagues on the Democratic side agreed with a few amendments that the gentleman from Minnesota (Mr. QUIE) and I wanted to make in the bill, and the bill was reported by the subcommittee without a dissenting vote and reported by the full committee without a dissenting vote.

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

Mr. ERLENBORN. I yield to the gentleman from Pennsylvania.

Mr. DENT. I want to say that while there is a great deal of criticism by some of the outspoken critics of Congress as a body of men who apparently have little regard for the needs of the people, the events of the last 2 weeks have demonstrated when it gets down to the crux of a problem, to the real needs of the people of this Nation, Congress does rise to its responsibility.

With the gentleman on the floor at this point, the gentleman from Illinois (Mr. ERLENBORN), the ranking Republican member on the subcommittee, and all the members on his side, including the ranking minority member on the full committee, as well as the members on this side, there was never a question of our meeting that responsibility. We have met it on both the controversial pension plan bill and also on this legislation. While we have had difficulty in getting to the common ground, when it gets down to where the real need is great enough and the common good of a great number of people is concerned, we set aside any personal differences in the matter as well as disregard any political considerations.

I thank the gentleman for his contributions and for all the help he has given me.

Mr. ERLENBORN. Mr. Chairman, I thank the gentleman from Pennsylvania for his contribution. I would agree with what the gentleman said.

In 1972 the House of Representatives adopted on the floor of the House a substitute bill which I offered, H.R. 7130, which would have raised the wage rate in 1973 to $1.80 and in 1974 to $2. The bill before us today in 1974 will set a minimum wage rate at $2, the same rate that would have been achieved had my substitute been adopted in 1972.

The wage rates in this bill I think are modest. The 40-cent increase does appear to be quite a bit, but as I have pointed out, we would have reached that point even if the plan called for and endorsed by the minority in 1972, had been adopted. So the $2 wage rate for this year I think is reasonable and it is called for as a result of the inflation we have experienced in the intervening almost 2 years.

I compliment the gentleman from Pennsylvania on his reasonable approach to this problem this year and for the modest increases thereafter, $2.10 for next year, for 1975, and then $2.30 in 1976.

I would point out that in this bill we are considering the minimum wage rate will go further than the bill already approved by the Senate which stops at the $2.20 level in 1975. A few of the areas of compromise that have been agreed upon I would like to touch on just briefly.

The youth differential, or as organized labor likes to refer to it, the subminimum wage for youth was a most difficult difference of opinion between the majority and the minority. I am not of course totally satisfied with the way this has been resolved. I would much prefer to have had the Congress adopt this wage differential so that young people would have a better chance of being employed, but I have noticed for instance some interesting figures, in that the employment of minority youth has risen considerably in the last year. The figures from the Labor Department are encouraging in this regard and the gentleman from Pennsylvania and his colleagues on the majority side have agreed to include in the report a provision calling on the Secretary of Labor under existing authority, which they have referred to constantly throughout the years of this debate, to maintain a pilot project to see whether a further youth differential would be effective.

Another element that was terribly difficult in the vetoed bill last year was the extension of overtime coverage to firemen and policemen in State and local government. I am happy to say in the compromise this year overtime coverage for these very important employees has not been included.

Mr. Chairman, I think that this is a good compromise. I am happy to see Democrats and Republicans join together in a bipartisan effort to pass this much-needed bill.

I yield to the gentleman from Kentucky.

Mr. SNYDER. Mr. Chairman, I have a couple of questions. I was wondering about the working mother supporting infant children, who might herself be making just a minimum wage, if she hires a babysitter is she required to pay the babysitter the minimum wage?

Mr. ERLENBORN. I would answer the gentleman that my understanding of the bill is that it extends coverage of the minimum wage law to domestics generally for the first time. Included in domestics would be full-time babysitters. The bill does exclude casual babysitters from coverage, but those who engage in its relatively full time would be covered in the Act.

Mr. SNYDER. I have another question, if the gentleman will yield.

Mr. ERLENBORN. I will be happy to yield.

Mr. SNYDER. We have another situation where news boys deliver weekly newspapers on 1 day a week and on other days of the week deliver for the same printer or publisher advertising circulars.

My understanding is that under existing law they are not exempt on the day they are delivering advertising circulars. Sometimes it may be political mail, I might say, or circulars; but they are exempt the day they are delivering the newspapers. We have had some discussion about this and I know the gentleman is favorable to this; but I wondered if it is included in the bill?

Mr. ERLENBORN. I am afraid I have to tell the gentleman it is not included in the bill. As the gentleman knows, I did include that in my substitute offered last year or the year before.

I do not believe Congress ever intended to have this difference exist between those who deliver regular newspapers and those that deliver advertising flyers or shopping news.

There was, as the gentleman knows, an interpretation of the Department of Labor to make a distinction. I think it is a distinction without justification and something that was not intended by the Congress; however, it is, unfortunately, not remedied by this bill.

Mr. SNYDER. Is it the interpretation of the gentleman today that even though there is no exemption written in, that it is or is not the intention of the Congress under this legislation that those who deliver shopping news on other days should or should not be included?

Mr. ERLENBORN. This gentleman is of the opinion that the Congress never intended to have that difference and those that deliver shopping news, as well as other newspapers, should enjoy the same exemption. I am afraid the Department of Labor disagrees with that.

Mr. TOWELL of Nevada. Mr. Chairman, will the gentleman yield?

Mr. ERLENBORN. I yield to the gentleman from Nevada.

Mr. TOWELL of Nevada. I would like to associate myself with the remarks of the gentleman.

Mr. Chairman, we have indeed come a long way since July 1938 when the first Fair Labor Standards Act was signed into law. That bill provided for a minimum wage of 25 cents per hour and further required the payment of time-and-a-half for hours in excess of 44 hours per week.

Through various revisions of the original law, we have come to the present minimum wage which was enacted in 1966 providing for a minimum at that time of $1.60 per hour arrived at in two steps—$1.40 per hour on February 1, 1967, and $1.60 per hour on February 1, 1968—and it has remained at the $1.60 per hour rate since that date in 1968.

However, in the intervening years we have had an exceedingly high rate of inflation and now find ourselves in a position where those earning the minimum rate of $1.60 are now, in effect, losing approximately $1,400 a year figured on their 1968 minimum wage rate because of the intervening inflation. While all of us have indeed been adversely affected by this strong inflationary trend since 1968, most Americans have received substantial wage increases which have narrowed the gap considerably between real wages—purchasing power—and what the inflation has done to their take-home pay. But unfortunately those who are still pursuing jobs which pay only the minimum wage of $1.60 an hour now find themselves barely able to exist. There-

fore, we can no longer afford as a nation to continue paying at the 1968 rate.

During 1973 I did not support the Education and Labor Committee's minimum wage bill. In order to compromise and work out an acceptable minimum wage law, many of us on the Education and Labor Committee offered an alternative bill; and I for one wish that hearings would have been held at a much earlier time than those that have just been concluded in the committee. In a spirit of compromise and cooperation, those of us who had offered the compromise voted unanimously for H.R. 12435 as it was written by the committee. This bill as it comes before you today is not written exactly as I would have preferred it; and I still have grave reservations regarding its lack of a true youth differential. I hope that we are not adding fuel to the fires of inflation for this is the very thing we are trying to overcome for a large portion of working Americans who now find themselves in a serious financial crisis because of their wages being tied to the 1968 rates of $1.60. It is to help these people that I am lending my support to this legislation.

Mr. ERLENBORN. Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. DAVIS of Wisconsin. Mr. Chairman, I certainly want to express my appreciation to the gentleman from Illinois for all he has done in working out what appears to be an acceptable compromise.

Here is one question that does bother me. Based upon our past experience some couple years ago, the gentleman did prevail with the so-called Erlenborn amendment, which did include some of these things that some of us felt strongly about. When it got into conference with the other body, most of those provisions that the gentleman had succeeded in returning to the House were wiped out and finally that legislation failed of enactment.

As I understand it, the Senate has passed a bill in this area which is substantially the same as that legislation which did fail of enactment.

Now, are we in the position where we can vote for this legislation with some assurance that this is substantially the form—if starting out as a compromise as it does, that it will be funded in a conference, or are we going to have the previous experience of this coming back to us substantially the same as the Senate has passed it and find ourselves in the same difficult position we found ourselves in before?

Mr. ERLENBORN. Mr. Chairman, I appreciate the question asked by the gentleman from Wisconsin. Let me first of all respond to the gentleman by saying that with his long and vast experience here in the Congress of the United States, he knows that no one can speak with certainty as to what the conference will do.

I think the gentleman also knows that it is customary for some accommodation to be reached. It is very seldom that either body is totally successful in gaining acceptance for that body's point of view. With that as a reservation, let me say that I feel that our colleagues who have joined in this bipartisan agreement will stick with that agreement in the conference and will compromise with the Senate only when we agree in a bipartisan fashion that the compromise is necessary and proper.

Mr. Chairman, I am relying on the assurances of my colleagues that this will be the case.

Mr. QUIE. Mr. Chairman, I reserve the balance of my time.

Mr. DENT. Mr. Chairman, I yield to the gentleman from Pennsylvania (Mr. GAYDOS) 6 minutes.

Mr. GAYDOS. Mr. Chairman, I rise in support of this bill.

The concepts in this bill are basically the same as in H.R. 7935 which was passed by the House on June 6, 1973, only to encounter a successful Presidential veto. The main difference in the two bills is reflected in the provisions on establishing new minimum wages for individuals covered and an expansion in the number of domestic employees covered.

The bill before us provides that shortly after enactment, nonagricultural and Federal employees would receive a new hourly minimum wage of $2, employees newly covered under the 1966 and 1974 amendments would receive $1.90 and agricultural employees would receive $1.60. Because of the existing differential in the present law on the minimum hourly rates for these three classes, the bill provides for a series of yearly increases so that by 1978 all employees covered by the act will receive a minimum of $2.30 per hour.

H.R. 7935 which was before the House last year would have provided for rates of $2, $1.80, and $1.60 per hour, respectively, for the same three categories, with all employees covered receiving $2.20 per hour by 1976. While the present bill provides for a higher hourly rate at a later date, it does retain the concept of eliminating the inequitable rate differential between agricultural and nonagricultural workers which is in the present law. To that extent, the bill does represent a giant step forward in providing equal protection for all employees covered by the Fair Labor Standards Act.

The need for such an increase in minimum wages is most graphically demonstrated by a comparison between the wages received by an employee receiving the current minimum of $1.60 per hour and the poverty threshold of a nonfarm family of four people. While an employee currently receiving the $1.60 minimum would have a yearly income of $3,200 for 50 weeks of employment, this is $100 less than the poverty level. Twenty States and the District of Columbia provide welfare benefits and payments to a family of four which are in excess of the annual earnings of a person receiving the $1.60 minimum hourly wage. It is indeed shocking that Federal law allows individuals to be employed at wages that literally imprison them in a continuous condition of poverty.

If we are really concerned with reducing the welfare rolls, we must take the first step and provide an incentive for individuals to seek employment at wages which exceed the welfare benefits available to the unemployed.

The bill before us provides for the inclusion of approximately 7 million new workers under the Fair Labor Standards Act. Approximately 5 million of these will be Federal, State, and local government employees, and one and a quarter million domestic service employees.

The present plight of the domestic worker is indeed a national scandal. A Department of Labor survey indicates that 31 percent of them receive cash wages less than 70 cents per hour, and that 68 percent were paid less than $1.50 per hour. Additionally, this class of workers does not receive benefits such as workmen's compensation, unemployment compensation, sick leave, vacations, and other benefits received by just about any other class of workers.

Passage of the bill before us will mean that this long-neglected group of workers will receive a minimum hourly wage of $1.90 shortly after enactment with annual step increases so that by 1978 they will receive a minimum hourly wage of $2.30. This group, largely consisting of women struggling to preserve the family unit, to eke out a meager existence and who are making a strenuous effort to be gainfully employed and avoid inclusion on the welfare rolls, will finally receive a wage which will elevate them from the state of near peonage to which so many of them are now consigned by the unconscionably low wages they currently receive.

Since the House last considered minimum wage legislation last September, spiraling inflation has continued to further erode the purchasing power of the dollar. To those workers at the lower earnings levels, the impact has been most critical. The urgent necessity for the passage of this bill is obviously clear.

I urge my colleagues to support this bill.

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

Mr. GAYDOS. I yield to my colleague, the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I am very pleased to cast my vote in support of the bill which would improve the Fair Labor Standards Act and extend its coverage to about 7 million workers, including public employees and household domestic workers.

Raising the present minimum wage from $1.60 to $2, and to higher amounts in subsequent years has a vital significance when one considers the fact that nearly two-thirds of the 25 million poor in America are members of families headed by a worker in the labor force.

About one-quarter of the poor—and more than 30 percent of all children growing up in poverty—are in families headed by a full-time, year-round worker whose wages are so low that his family is impoverished. An increase in the minimum wage rate to at least $2 per hour would enable a full-time worker to earn approximately $4,000 a year in gross

salary. In August 1973 the Department of Labor released the poverty level threshold figure: $4,300 annual net salary for an urban family of four. The tragic inequity of these two figures is immediately apparent.

Opponents of the minimum wage law continue to "beat the dead horse" of inflation. Ironically, the charge of inflation remains one of the major contentions against minimum wage increase despite the public admission by the U.S. Chamber of Commerce that "minimum wages do not create inflation," and, despite successive Labor Department studies which have concluded that inflation is not caused by minimum wage increases. Regarding this aspect of the subject, it is much more important to keep in mind that today's $1.60 minimum wage buys less than the $1.25 minimum wage bought in 1966.

It is ridiculous to say that raising the wage level from $1.60 to $2 is inflationary merely to sustain a poverty level of existence, particularly when corporate profits are at the highest level in history.

Working people of this Nation react to increased costs of living. Working men and women pay the price of inflation with decreased buying power and all that this entails. They are the victims of inflation—not the perpetrators. Since the last amendment passed by the Congress to the minimum wage law, the cost of living has increased by over 43 percent. The $1.60 an hour provided in the minimum wage schedule adopted in 1966 has dwindled to $1.13 in terms of buying power.

The current minimum wage proposals are designed to conform to the basic purpose of the Fair Labor Standards Act—this measure is as valid today as when the act first became effective.

Its purpose is to correct and, as rapidly as practicable, eliminate labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers without substantially curtailing employment or earning power.

These proposals will achieve that goal and, as with past increases, without causing unemployment.

Successive Labor Department economic studies have determined that wages of workers at the lowest end of the wage scale have increased and there have been no adverse employment effects. As a matter of fact, the departmental studies have found that the sharper the minimum wage increase, the sharper the decrease in unemployment.

Mr. Chairman, suffice it to say, the minimum wage rate has been increased periodically over the last 3 decades without any negative impact on the national economy, but with significant assistance to the low-wage workers who need and depend upon these increases to sustain themselves and their families.

This vote today and the ultimate passage of these improving amendments will constitute, I believe, substantial progress.

Mr. GAYDOS. Mr. Chairman, may I make this further observation, for the benefit of my colleague, the gentleman from Pennsylvania: that in his area, the area of Johnstown, Pa., the need for this legislation is obvious.

I am sure my colleague will support this legislation.

Mr. QUIE. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, I rise in support of this legislation. It has been before his body for quite a long time now.

As the Members will recall, in the 92d Congress we were unable to agree to a conference on the bill passed by the House in 1972. In this Congress we have gone to conference. Following conference the President vetoed the bill. The veto was sustained. Now we are again considering a new minimum wage bill. The gentleman from Illinois (Mr. ERLENBORN) said in the course of his comments that we were able to reach a compromise between the majority and the minority on this legislation. This is compromise legislation. Just as it could not be totally what the gentleman from Illinois would like, neither is it totally what I would want. But none of us get exactly what we want.

Mr. Chairman, what we have here, I believe, is a piece of legislation that we can support.

Now, why should we not engage in a prolonged battle in order to see if we might get something better, according to our point of view? The reason is simply this: we have waited a long time for an increase in the minimum wage. There is no question that this bill is not inflationary, because inflation has already occurred.

To bring employees, pre-1966 employees, from $1.60 up to $2 will not have the ripple effect of escalating other rates, because those rates have already increased, as if the minimum wage had previously been increased.

Further, after the veto was sustained, I introduced legislation, joined in by a number of my colleagues, which would have increased the minimum wage. Had that been worked out at the time it was introduced, the rate would already be at the $2 level; and we would be at the $2.10 level before the $2.10 rate for pre-1966 coverage is expected to go into effect pursuant to this legislation. For these reasons, I find the increased rates provided for in this bill completely acceptable.

Mr. BURTON. Will the gentleman yield?

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

Mr. BURTON. Mr. Chairman, I would like to commend the gentleman in the well, Mr. QUIE, for his constructive role in revising the minimum wage legislation after it was vetoed. All too often when our colleagues do something worthy of note it goes unnoted, and even more often, if we do little or nothing, the record is replete with encomiums that rather seriously rewrite history.

However, I do think it is very important that it be stated without reservation the gentleman in the well has played, most assuredly, a very constructive role in helping us to unsnarl this very, very difficult and intricate issue. I want to be on record as having expressed those sentiments.

Mr. QUIE. I thank my colleague from California.

Mr. O'BRIEN. Will the gentleman yield?

Mr. QUIE. I yield to the gentleman from Illinois.

Mr. O'BRIEN. I thank the gentleman for yielding.

Mr. Chairman, passage of this minimum wage increase comes not a day too soon. Since the last increase was passed in 1966, the cost of living has skyrocketed 43 percent.

While the average hourly wage for other American workers has risen more than 50 percent in that time, workers on the bottom rung of the economic ladder have not received similar benefits. They are the ones, ironically, who are hardest hit by the rising cost of food, housing, and clothing.

The bill we are considering today increases the minimum wage from its current rate of $1.60 per hour to $2 within 1 month of enactment. By next January, this figure will rise to $2.10 an hour and will reach $2.30 1 year later. In addition, the bill provides coverage for several new groups including domestic workers and requires overtime payments for still other groups who have been neglected by the law.

While I realize that even this three-step increase will not fully compensate for the inflation we have experienced in the last 8 years, it is an important step toward helping millions of our lowest paid workers sustain themselves in the marketplace.

I believe we can no longer deny these increases and that is the reason I am voting for the fair labor standards amendments today. It is also the reason I voted to override President Nixon's veto of a virtually identical bill last year.

As my colleagues are aware, that veto was overridden when a bipartisan effort in the House failed to muster the required two-thirds vote. I hope and trust that this year the President will sign this urgently needed legislation.

Mr. QUIE. Mr. Chairman, there is also a provision in this legislation which would bring agricultural employees up eventually to the maximum rate provided in section 6 of the act. Heretofore it was always accepted that the agricultural rate ought to be below the nonagricultural rate. However, something good has occurred in the last 2 years, namely, American farmers' earnings have increased. We see them in a difficult light at the present time. It is true those feeding cattle and hogs and some dairymen are not doing very good, but the grain producers at the present time are in good shape.

It is important, I believe, that earnings in agriculture in America be comparable to nonagriculture. So I support this increase.

I believe the increase in rates in this legislation and the time period in which they are raised are acceptable.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIE. Mr. Chairman, I yield myself 5 additional minutes, and I yield to the gentleman from Pennsylvania (Mr. DENT).

Mr. DENT. Mr. Chairman, I would not let this moment go by without stating that the leveling hand of the gentleman in the well played a great part in this agreement. The need today is to try to raise the wages of the lowest paid workers. Therefore we set aside a great many things that we would have liked and would have been anxious to fight about. As I said a while ago, it shows that the Congress meets its responsibilities. I am very grateful to the gentleman for the hours that he spent in cooling down some tempers and getting some good legislation written.

Mr. QUIE. I thank the gentleman from Pennsylvania.

I would say, also, that it is possible that the increase to $2 for those who were covered prior to 1966 could go into effect on the 1st day of May. If we pass this bill today—and I note that other body has completed action on its bill—it is possible to go to conference immediately and bring the bill out and have the President sign that bill before the end of March. If that occurred, the new minimum wage could go into effect by the 1st of May pursuant to the language of the House bill.

Apart from the advantage to those who are low paid, that result would allow more time to absorb the first increase before the effective date of the next increase, January 1, 1975; and for that reason would be more acceptable than if we waited until a later time to pass this legislation. The longer we wait the more difficult it is to absorb the next increase.

We ought to be motivated to move quickly.

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

Mr. QUIE. I yield to the gentleman from Kansas.

Mr. SKUBITZ. Mr. Chairman, I thank the gentleman for yielding. I will support this legislation. I regret very much, however, that the committee did not provide for a minimum wage of $2.20. I think it is only fair to say to those who worry and speak about inflation, this amount being inflationary, that if it is inflationary to give people the minimum amount necessary to provide for food, clothing, shelter and heat, then so be it. I think it is time we got the minimum wage up to where it ought to be realistically and in line with the inflationary costs that have already taken place.

Mr. QUIE. I thank the gentleman from Kansas for his remarks, but I must say that what we are trying to do here is to deal with the possible.

Mr. Chairman, I might say that three changes have been made in this legislation which make it different from the Senate bill. There are other changes, also, but three of them are significant.

One of them has to do with the exemption of police and firemen from the overtime provisions.

This is of tremendous importance, and I believe the Members would realize that if they were to check with their own municipalities and see what the increased cost would be if we adopted the language in the Senate bill, it would represent a phenomenal increase in the cost to those municipalities, that is to their taxpayers.

We have compromised this, and put all Federal, State, and local government employees under the minimum wage; and cover them under the overtime provisions with the exception of police and firemen. I find that this is an acceptable compromise that we ought to go along with.

This legislation makes a change in another area which I think removes a very inequitable feature in the student differential at the present time, and that is with reference to the historical ratio. Under the present law you are permitted only to hire under the student differential that proportion that students in your work force represented in the 12-month period prior to May 1961. And just as was our experience with the farm program, if you used a base period that eventually becomes ancient history, so has the 12-month period prior to 1961 become ancient history. So that is removed. However, we did not change the language that was in the bill that was vetoed where you have post certification if you have four or fewer student workers hired, with precertification if you have five or more. I think the precertification will make certain that there will be no replacement of full-time employees by the use of the student differential.

The other is the youth differential that we have attempted to bring about for a long time. Many of us feel strongly that the dropouts, the ones that school has no future for——

The CHAIRMAN. The time of the gentleman has again expired.

Mr. QUIE. Mr. Chairman, I yield myself 5 additional minutes.

Mr. Chairman, as I started to say, the ones that school has no future for at all need employment opportunities, and the majority have felt very strongly that we should not do that by means of a lower rate. Rather than engage in that battle, there was agreement that under this authority under section 14(a) of the act, the Secretary is expected to establish one pilot project in no more than eight establishments in the country, and no more than 100 in each establishment, and some other language in the report, which begins on page 36 of the report.

From our experience with that pilot project we will then be able to debate the question knowledgeably of whether there ought to be any new provision for a youth differential. In a couple of years we will then have that information available to us. I find that an acceptable compromise.

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

Mr. QUIE. I yield to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I notice the gentleman from Minnesota has mentioned firemen and policemen, and other classifications who are exempted from certain provisions of this law.

Mr. QUIE. The overtime provisions.

Mr. QUILLEN. The overtime provisions, yes.

I wonder why ambulance drivers are not also exempted from the overtime provisions? If the gentleman will recall, for the past 4 years I have asked similar questions in the Committee on Rules. Ambulance service in my district has been partially eliminated, and in some cases eliminated altogether because they cannot pay time and a half to ambulance drivers who sleep in, waiting for emergency calls. To me this is just as important as the exclusion of firemen and policemen from the overtime provision. I wonder if any thought was given to this.

Mr. QUIE. I would say to the gentleman we reached a compromise on public safety employees, and I imagine—anyway from my part in that discussion—the question of ambulance drivers was not raised among members of the subcommittee.

Mr. QUILLEN. The funeral homes in my district had to do away with ambulance service for this reason, and in some of the counties this service is very desperately lacking, very critically lacking. I am wondering if the committee would accept an amendment to do the same thing for ambulance drivers that they have done for firemen and policemen, because life is so important.

Mr. QUIE. I would suggest the gentleman talk to the gentleman from Pennsylvania (Mr. DENT) and the gentleman from Illinois (Mr. ERLENBORN) on that.

But I do recall on the ambulance drivers that they did run into some difficulty with medicare and, therefore, some of them went out of business because they could not get their payments out of medicare, which had nothing to do with the overtime provision.

Mr. QUILLEN. Will the gentleman yield further for a question to Mr. DENT?

Mr. QUIE. I would say that the gentleman from Tennessee ought to talk this out with these two gentlemen. I am not suggesting we do it on my time, because I would like to get this over with. I would suggest the gentleman go over and talk to Mr. DENT about it.

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

Mr. QUIE. I yield to the gentleman from Tennessee.

Mr. BAKER. I thank the gentleman for yielding.

If ambulance service is operated by the fire department in a city, would the gentleman consider under this circumstance the activity probably would be covered?

Mr. QUIE. My understanding is, yes; covered by the exemption from the overtime provisions.

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

Mr. QUIE. I yield to the gentleman from Pennsylvania.

Mr. DENT. I thank the gentleman for yielding.

If they belong to the fire department or police department, they are exempted. The only ambulance drivers that are covered have been covered for some time immemorial because of being engaged in interstate commerce or by a hospital.

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

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

Mr. BURTON. I thank the gentleman for yielding.

I would certainly state that with regard to fire and police exemption, at least in our case, as members of the department itself in service, we exclude overtime for fire and police departments, and members of the fire and police departments are not then supplementarily covered by anything we are doing here. That exemption, to the extent they are exempt, now will continue to be exempt, including emergency services.

Mr. QUIE. I think the gentleman from Tennessee is talking about ambulance drivers who work for the funeral homes, and that never came up in our discussions.

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

Mr. QUIE. I yield to the gentleman from Tennessee.

Mr. QUILLEN. I would like to ask the gentleman from Pennsylvania (Mr. DENT) a question. I think he is incorrect in that he said it was because of interstate operations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. QUIE. Mr. Chairman, I yield myself 2 additional minutes.

I yield to the gentleman from Tennessee.

Mr. QUILLEN. Ambulance drivers in my district do not go, as a rule, across State lines.

Mr. QUIE. I would say that has nothing to do with whether they are covered or not, because domestic workers do not usually go across State lines and they are going to be covered in this act.

Does the gentleman from Pennsylvania desire to make any further comment on this? I yield to the gentleman from Pennsylvania.

Mr. DENT. Nothing, except that we found that the reason many funeral homes gave up, and especially in my area—and no funeral homes have ambulance service there any more—is because communities now have a separate arrangement in communities working with the police department for ambulance service, where they get some kind of community funds put into it.

I understand that every other community of any size has the same arrangement. I do not know of any ambulance drivers who work for funeral homes in my area any more. It is a regular service of each community.

Mr. QUILLEN. Mr. Chairman, will the gentleman yield further?

Mr. QUIE. I yield to the gentleman from Tennessee.

Mr. QUILLEN. That is not true, I will state to the gentleman from Pennsylvania, in my district. Even the emergency rescue squads come into play on this, but now under regulations, even the emergency rescue squads must have a trained technician in the ambulance or in the rescue squad vehicle before they can take a body from the accident scene to the hospital.

So we are critically in need of ambulance service. For the last 4 years I have asked the committee to look into this. When we get to the amendments, I would like to talk with the gentleman about it, without using further the time of the gentleman in the well.

Mr. DENT. I will be glad to discuss it with the gentleman and maybe we can come to some agreement on it.

Mr. QUIE. Mr. Chairman, I yield myself 1 additional minute to complete my statement.

I want to compliment not only my colleague, the gentleman from Illinois (Mr. ERLENBORN), who has worked long on this legislation, and he and I worked together on this compromise, but also the gentleman from Pennsylvania (Mr. DENT) and the gentleman from California (Mr. BURTON), as well as our colleagues on the committee, the gentleman from Missouri (Mr. CLAY) and the gentleman from New Jersey (Mr. DOMINICK V. DANIELS), who were a part of the working out of this agreement. The gentleman from Kentucky was also assisted in reaching accord on this bill. I just want to commend them all for enabling us to come to the floor with a minimum wage bill for the first time that I recall in my years in Congress united in this way. A minimum wage bill which I am confident is a good piece of legislation and which I stand behind all the way to its final enactment.

The CHAIRMAN. The gentleman from Minnesota consumed 18 minutes.

Mr. DENT. Mr. Chairman, I yield such time as he may consume to the gentleman from Puerto Rico (Mr. BENITEZ) for some questions and suggestions.

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

I wish to say in the first place on behalf of Puerto Rico that I rise in support of the bill. While Puerto Rico is more affected de facto than any other community by the requirements of this law, we are glad to accept its norms and principles. In Puerto Rico we believe fully in the basic principles of the minimum wage and we preach and practice the norm of advancing the possibilities of compensation to the highest possible level within our resources.

In the case of Puerto Rico we have made in this law an effort through a three-pronged movement toward raising salaries: First, establishing a basic floor minimum; this is a minimum below which no salaries can go; second, adding onto existing wages significant real raises everywhere so as to approach the Federal minimum; and third, retaining to industry committees that they may review the wage order and advance them if it is possible even beyond the requirements of the fixed advance every year.

Now I come to my question to the Chairman on basic point.

The vetoed bill contained a provision to the effect that the first statutory increase in wage orders might not fully apply to wage orders increased by industry committees during the period July 26 to the effective date of the legislation. That provision applied the first statutory increase only if the increase mandated by action of the relevant industry committee during the period was less than the first statutory increase; and if it was less, the affected employee was to receive the amount of increase mandated by such industry committee plus the difference between that amount and the otherwise applicable statutory amount.

I notice this bill does not contain a similar provision and I would appreciate the gentleman's explaining the committee's intent in that regard.

Mr. DENT. The language of the provision to which the gentleman refers was dropped from this bill because of the irrelevancy of the dates stipulated therein. But the intent of the committee with respect to the import of the accommodation has not changed.

If the gentleman will take note of page 27 of the committee report, he will see that a similar legislative intent is associated with this bill.

We recognize that industry committees meet throughout a year and recommend wage order increases. It would be patently unfair to add the first statutory increase to a wage order which has only recently been increased upon recommendation of an industry committee. The committee report reflects our intent that the Secretary take such recent wage order increases into consideration to applying the first statutory increase.

Mr. BENITEZ. Can the gentleman tell me if the Senate concurs in this clear intent?

Mr. DENT. The Senate does concur and the legislative intent will be spelled out in the conference report on this legislation.

Mr. BENITEZ. I thank the gentleman and I am happy to see such unanimity in the bill.

Mr. QUIE. Mr. Chairman, I yield to the gentleman from Michigan (Mr. ESCH).

Mr. ESCH. Mr. Chairman, I rise in support of the legislation. I would add my comments to all those involved in reaching this compromise provision today.

I rise today in support of the minimum wage legislation, H.R. 12435, before us today. The time has come to end the delay in passing this important bill and to bring millions of workers out from under the poverty level.

Tens of millions of American citizens have been denied the basic necessities of life because of this delay. At a time when the value of the dollar has been shrinking, Congress has failed to move. The present minimum wage law has served to bring greater dignity, security, and economic freedom for millions, however, it has not kept pace.

The fact is the $1.60 of today's minimum wage buys less than the $1.25 minimum wage of 1966. In fact, the rates included under this legislation, taking the CPI index into account, would even have to be greater than the rates called for in the bill. Even at the level of $2 per hour—such as the rate specified for previously covered employees—a full-time worker would earn less than the poverty threshold than he did before his

wage was increased to the present $1.60. The phased-in raise to $2.30 permits these workers to recapture some of this lost buying power.

Inflation has hit hardest on the lowest income worker—and many of these are minimum wage earners. Ironically, more than 20 States provide more in welfare assistance, including food stamps—than the minimum wage, and the one way Congress can move to reduce dependency on welfare, and to encourage greater participation in the work force, is to increase these rates as soon as possible.

The legislation moves to address inequities of the existing law and includes, for the first time, domestic workers.

Perhaps the issue over which there has been greatest dispute has been in the inclusion of a so-called youth differential. I personally have favored this proposal as a means to encourage employers to hire untrained and inexperienced youth. Specifically, I believe the failure to do so may severely cut into this summer's youth employment programs, and the National League of Cities estimated that a $2 minimum wage will reduce the total eligible for the neighborhood youth program by 20 percent.

Accordingly, if the Congress moves without such a differential today, I would urge members of the Appropriations Committee to increase the $300 million budget request to offset this loss.

I believe, in the meantime, that we should call on the Secretary to implement existing regulations which would allow him to develop pilot projects to determine the effects of a "subminimum" wage on nonschool youth employment. The Education and Labor Committee has clearly signaled its intent to ascertain the facts by requiring a final report on the question of youth employment to Congress in 1977.

This legislation represents a vital step forward and I urge Members of this House to support it.

Mr. DENT. Mr. Chairman, I yield such time as he may consume to the chairman of the full committee, the gentleman from Kentucky.

Mr. PERKINS. Mr. Chairman, once again this House undertakes to examine the question of the minimum wage rate and amendments to the Fair Labor Standards Act. As the Members will recall, last year H.R. 7935 was passed and sent to the President. That measure, unfortunately, was vetoed in September.

Since then continuing inflation has caused the cost of living to skyrocket still higher. The plight of the poorest of our workers has continued to worsen.

The bill before us today, H.R. 12435, provides an increase in the minimum wage of those already covered. It extends wage or overtime protection—or both—to many groups of workers not currently covered.

The wage rate for the more than 34 million nonagricultural workers, covered by the act previous to the 1966 amendments, would be raised within 2 months of enactment to $2 an hour. The minimum would be increased to $2.10 on January 1 of next year and increased again to $2.30 an hour a year later.

Nonagricultural workers newly covered by the 1966 amendments—10 million—and by the 1974 amendments would have a $1.90 an hour minimum applied initially, with subsequent raises to $2, $2.20, and $2.30 an hour on January 1 of the next 3 years.

Covered agricultural employees would get $1.60 an hour initially. They would enjoy 20 cents per hour increases on January 1 of each of the next 4 years.

These are modest increases, Mr. Chairman. If the cost-of-living increase mechanism had been incorporated into the 1966 amendments, the minimum wage rate in January of this year would have exceeded $2.23 an hour. But there has been no such mechanism. Millions of American workers and their families have continued to fall further and further behind the rest of us. This bill will help them catch up some of the way. It does not attempt to put the minimum wage where it should be, but the bill provides a worthwhile and necessary increase.

With respect to the extension of coverage and the removal of overtime exemptions, the provisions of H.R. 12435 parallel very closely the provisions of H.R. 7935, the conference report that was overwhelmingly approved by the House last year. Such differences as there are result from negotiation and compromise with our minority colleagues and with the administration.

As the Members will recall, in the conference report minimum wage coverage was extended to Federal, State, and local employees; domestics; employees of some additional retail and service establishments; employees of conglomerates engaged in agricultural activities, and employees of telegraph agencies and motion picture theaters.

All of these extension of coverage are retained in H.R. 12435.

In the committee bill, overtime protection is also extended to most of these employees. Some other overtime exemptions are reduced and others repealed.

For a number of industries the overtime exemption is reduced over a period of years and ultimately repealed. Among these are the overtime exemptions for employees of bowling establishments; maids and custodial employees in hotels and motels; transit employees; employees of food service establishments; employees of some retail and service establishments; seafood canning and processing employees; and seasonal industry employees.

In all of these cases the schedules for the reduction and repeal contained in the conference report are retained.

As they study the committee report, Members will find close similarity in the treatment of the various industry categories in H.R. 12435 and the vetoed conference report.

We have, however, accommodated the administration and our minority colleagues in a number of very important respects. While we have extended wage and overtime coverage to State and local employees generally, firemen and policemen are exempt from the overtime provision.

We have compromised also in the treatment of students. The committee bill permits the employment of full-time students at wage rates less than those prescribed in the act in retail and service establishments, in agriculture, and in institutions of higher education at which they are enrolled. Such students may be employed at a wage of not less than 85 percent of the applicable minimum or $1.60 an hour—$1.30 an hour in agriculture—whichever is higher. Up to four students may be hired without the traditional precertification procedure. That is to say, there need be no prior finding by the Secretary of Labor that there is no substantial probability of job displacement before issuance of such certificates. Employers of five or more students will continue to require such precertification.

While the committee seriously considered the possibility of subminimum wage rates for nonschool youth as suggested by the administration, most of us felt this would violate a basic objective of the act. In addition, many of us felt the provision for a subminimum wage would contribute to, rather than ease, the critical problem of unemployment. Many of us were particularly concerned in a period of rising unemployment that a youth subminimum wage would give unemployed youth a competitive advantage over adult heads of households for the scarce jobs available.

The committee, however, has recognized the need for further information and further data on this most important problem. As indicated in the committee report we do not object to the development and implementation of a pilot project which will permit, in a number of establishments, the payment of wages at lower than the minimum rate in order to determine the impact of such lower wages on the employment patterns of both young and adult workers. It is our belief that the Secretary of Labor has authority already to conduct such tests and demonstrations, and we support such tests.

In short, Mr. Chairman, while this bill is substantively identical in its major provisions of the conference report which was approved overwhelming last year, it it a genuine bipartisan compromise. It is a bill that is long overdue and I urge its support.

Mr. DENT. Mr. Chairman, I thank the gentleman from Kentucky for his kind remarks.

I yield 3 minutes to the distinguished gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, I too want to join in congratulating the chairman and the members of the committee who have finally brought forth a minimum wage bill which I assume is going to be passed overwhelmingly by this House, and which I further assume the President of the United States will not veto.

Mr. Chairman, this legislation comes at a most propitious time. There are approximately 9 million Americans who constitute the working poor. They are nonunion people. They, more than any other group in this country, have been caught in the squeeze of inflationary prices. They, more than any other group in this country—that is, the 9 million of the working poor, nonunion—have almost had their backs pushed against the wall because of the spiraling rate of prices.

This House will shortly consider whether or not to extend the Economic Stabilization Act. My impression is that there is a growing consensus not to extend the Economic Stablization Act. My feeling is that most of us think that the Economic Stabilization Act, despite the pronunciamentos made Mr. Shultz and Mr. Dunlop, has been a complete disaster, and I do not think this body will act to extend the Economic Stabilization Act as it is written.

I want to take a minute to spell out the implications of that possible future act by this House for the 9 million working poor I have just spoken about. Every economist in this Nation, whether he be leftwing economist or rightwing economist, agrees that once we stop the Economic Stabilization Act, wages are going to go up, hopefully level off, and then hopefully remain stationary. However, the nonunion working poor will not enjoy significant wage increases.

Every economist, whether he be of the right or the left persuasion, is also in agreement that once we lift controls, prices are gong to zoom up, and, theoreticaly, it is expected they will level off, and then hopefully they will then drop somewhat.

The situation, my colleagues, is this: The 9 million working poor, nonunion wage earners, who have been caught in this squeeze, who are backed up against the wall, are going to be even in more dire straits once we lift controls on prices. Therefore, the very least that we can do for them—we ignored them during this whole period of controls, the very least we can do for them is to pass overwhelmingly this bill, which I think is an effective, strong, meaningful piece of legislation.

Mr. Chairman, I would simply want to indicate my admiration for the gentleman from Pennsylvania (Mr. DENT) for his perseverance, and my gratitude for his interest in that class of workers about whom I have spoken.

Mr. QUIE. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Chairman, I want to compliment the members of the committee and subcommittee, particularly the leadership people, the gentlemen from Pennsylvania, Kentucky, Minnesota, and Illinois, who have worked out what I think is an excellent compromise. It is well past the time when this House should have passed a minimum wage bill. It seems to me that in this bill we have a particular piece of legislation which each of us can support with some enthusiasm.

Mr. Chairman, I know, particularly from the standpoint of my own district, that in section 6, which is the inclusion of Federal and State employees, that employees engaged in fire protection or law enforcement are exempt from the overtime provisions. I recall vividly that the last minimum wage bill which we passed through this House contained a similar exemption. When our conferees met with the Senate, we accepted the Senate position.

Mr. Chairman, it is my hope and my expectation that our conferees this time will not accede to the Senate position, and will maintain the exclusion of overtime for fire and police employees.

Mr. Chairman, I am pleased to support the bill. I certainly would not support it if it did not have that exclusion in it.

Mr. DENT. Mr. Chairman, I yield 4 minutes to the gentleman from New York (Mr. BIAGGI).

Mr. BIAGGI. Mr. Chairman, I am privileged today to rise in support of this bill. I am a cosponsor of the bill presently under consideration, and have been since my advent into the House.

The bill accomplishes at long last, with a minimum of resistance on their side of the aisle, an objective which has been long sought after for the working person of our country.

I would like to congratulate the gentleman from Puerto Rico for the work he has done in helping to resolve the very complex problems connected therewith.

The purpose of this Fair Labor Standards Amendments of 1974 is to provide a uniformity in minimum wage. Ostensibly, no one quarrels with that. However, we do find some objection. We find, notwithstanding the thrust of providing a uniformity of treatment of all working people in our country, that this very bill contains exceptions that categorize an important segment of our working force, an important segment of American life, into the position of second-class citizens.

Mr. Chairman, I talk in terms of the policemen and the firemen, the people who have been recognized as the first line of defense on the domestic scene. I simply cannot understand the paradoxical position of providing an exemption for them in this bill and the Committee on the Judiciary reporting out a bill which would provide some $50,000 in compensation for the loss of lives, because they have sacrificed their lives, to their survivors.

The situation is to be lauded on this side and condemned on this side. I recognize the importance of this bill. I do not rise here in order to present an obstacle, but, Mr. Chairman, I would exhort the Members strongly that in conference we accede once again to the language of the Senate committee and recognize these people whom the country has looked upon as being the martyrs of our last decade, with their being assassinated, not simply killed in the conventional method of death and injury, but assassinated, and we look to them and try to provide for their survivors.

I suggest very strongly that we try to provide for them and their families while they are here.

Mr. Chairman, another area of concern is the hotel workers and the restaurant workers, who are being unfairly treated. This is another disparity.

The employers are not required to maintain or pay the full minimum wage; they are being credited with 50 percent, 50 percent of the tips being given to the employees.

These are the so-called tips, and we do not know that they are universally applied and accurately ascertained.

Fifty percent will be credited to the employer, to the detriment of the employee.

I am not sure that we will be able to work this out in conference, but if that would not be the case, as I said in committee, I plan to introduce legislation to that effect as soon as this bill is passed, and hopefully the President will not veto it.

Mr. Chairman, one of the most important bills in Congress this year is before you—the minimum wage bill, H.R. 12435, of which I am a cosponsor. I have worked long and hard in my capacity as a member of the General Subcommittee on Labor of the Education and Labor Committee, which wrote this bill, both in this Congress and in past Congresses to raise the minimum wage for the American worker and write fairer coverage provisions. It has been one of my major legislative interests, as it is for many of my colleagues. This is entirely right. It affects the living standards of a great number of people and offers Congress the opportunity to do something about inflation as it affects the American worker.

We have, quite recently, recognized the need of those living on fixed incomes to catch up with the rate of inflation in this country. We have not done anything for those who work for a living. Last year we tried, and the Congress went on record by passing the minimum wage bill. But the President vetoed it. I hope and trust that he will not do so again this year. The need is greater—we have behind us a year in which the cost of living rose by at least 8 percent. Certainly no one can ignore the impact of that on the large mass of people in this country who meet their family budget by earning a wage.

In accordance with this need, the General Subcommittee on Labor proposes to raise the minimum wage for a significant number of people. We have decided to do it over a 3-year period so that what we do to help those victimized by inflation does not contribute to raising the inflation rate further. We are proposing to raise the minimum hourly rate to $2 this year, to $2.10 next year, and to $2.30 in 1976.

More significant, however, is the extent of coverage this bill provides. For that is the key to a fair standard of living. A labor union can often gain adequate wage rates for its employees to catch up to the cost of living. But only

the Federal Government can provide the mechanism that places most of the workers of the country on an equal footing at the starting line, and so give them an equal chance to gain the necessary raises.

We are extending coverage in this bill to 7.1 million additional workers, bringing total coverage to 56.5 million workers. Coverage is being extended to Federal, State, and local government employees, whose rights to not only a fair wage, but a comparable wage to those in private industry, have been neglected too long. We are extending coverage to domestic service employees, who have been some of the most underpaid and poorly treated laborers in the work force. We are extending coverage to employees of retail and service chainstores because there has been no justification for not treating them like everyone else.

These are important steps, but they do not clear up all the injustices which presently exist in the labor force. Overtime provisions are crucial. They must be fairly applied to all workers if there is to be anything resembling equal treatment.

Consequently, we are reducing the overtime exemption for hotel, motel, and restaurant and tipped employees. It is high time. We are reducing and ultimately repealing the overtime exemption for employees of food service establishments. We are limiting the overtime exemption for employment in seasonal industries where in the past much of the work has been inadequately compensated. We are reducing and ultimately repealing the overtime exemption for any driver, operator, or conductor employed in street, suburban or interurban electric railways, local trollies or buses. If we are to give attention to mass transit in this country, one of the first things we must do is improve the lot of those who work in mass transit. This bill is doing it.

This bill breaks new ground in several other important respects. We have finally resolved that workers in Puerto Rico will be—must be—treated identically to workers in the United States, because they are part of this great country. We are providing step by step wage increases for workers in the island until they match what is paid here on the mainland. The overtime provisions for Puerto Rican workers will also be made identical to mainland provisions.

We are prohibiting children under age 12 from working in commercial agriculture—the last instance of virtually forced child labor in the United States and a stain on the reputation of this country for justice.

We are increasing opportunities for students by allowing part-time employment at 85 percent of the minimum wage, while at the same time writing tough provisions prohibiting the hiring of students where to do so would reduce opportunities for full-time employment at regular minimum wage rates for the rest of the labor force. This is a just and necessary compromise which gives fair rights to both students and full-time workers without doing damage to either group.

We are authorizing the Secretary of Labor, for the first time, to sue not only for back wages in cases of violation of the minimum wage act, but also allowing him to sue for an equal amount of liquidated damages without requiring a written request from the employee. Only by being tough with violators of the act will we insure justice for the American worker.

Finally, I would like to raise two collateral points. I am distressed that firemen and policemen—workers who lay their lives on the line for the people they serve—are not covered by the overtime provisions of the act. I think this is unfair and unequal treatment. I hope to work in conference to see this corrected. These workers are some of the most necessary and selfless in the work force. There is no excuse for anything less than equal treatment.

In addition, this bill does not repeal the tip credit provision which allows employers to reduce their minimum wage obligation by 50 percent to employees who receive tips, on the assumption that his tips equal one-half of the minimum wage. I do not believe the assumption is correct, and the union involved—the Hotel and Restaurant Employees and Bartenders International Union does not believe it either. I have no intention of denying the passage of this important legislation over this matter. But as I have stated in committee, I intend in the near future to introduce legislation to abolish the tip-credit provision of the act, and hope that the Congress will take quick action on the matter.

In sum, Mr. Speaker, this is a good bill and needs to be passed. I commend it to the House.

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

Mr. BIAGGI. I am delighted to yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, I wish to assure the gentleman that all the Members concerned with this legislation have a deep regard for the problems the gentleman mentioned. Both of these problems are very old problems; they have been with us ever since we first introduced legislation concerning minimum wage. The problems deal with overtime for both public servants and private citizens.

However, at this time, as the gentleman knows—and I have discussed it with the gentleman, and he has agreed—the primary objective must be to get the low-paid workers at least this increase in pay. It does not mean that there is any less concern for the two problems the gentleman has brought before the House.

I give the gentleman every assurance that both problems will be given every consideration possible in the very near future.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for his remarks in that regard.

I would like at this point to congratulate the leaders on both sides of the aisle and the members of the committee, of which I am a member, for the very wonderful work they have done and the very statesmanlike attitude and position they have taken in accommodating themselves to the differences that have existed over the past number of years.

Mr. DENT. Mr. Chairman, I yield such time as he may consume to the gentleman from New York (Mr. BADILLO).

Mr. BADILLO. Mr. Chairman, I rise in support of this legislation and urge that we overwhelmingly pass it this afternoon so that it can be "made perfectly clear" to Mr. Nixon and his advisers that this body believes that millions of American workers have been denied a living wage and the protections of the Fair Labor Standards Act for far too long. We must act decisively today so that there is no doubt that we believe positive steps must finally be taken to relieve the misery of millions of this Nation's poorest workers, a condition significantly exacerbated by Mr. Nixon's ill-conceived and heartless veto of the minimum wage legislation passed last year.

Although this measure is certainly welcome and long overdue, I am disappointed by the very small increase in the minimum wage authorized by it. The raise to $2 per hour which is affected 1 month after the bill's enactment will result in a covered nonfarm worker—laboring on a 40 hours per week/50 weeks per year basis—grossing less than the annual net income considered to be the poverty level. Since the Congress last amended the minimum wage some 8 years ago, uncontrollable inflation has raised the cost of living by over 43 percent. It has been estimated that a rate of $2.30 per hour—a minimum which will not be reached until January 1976 under this bill—was required this January to compensate for changes in the consumer price index since 1966. When you take into account tax and social security deductions, a worker receiving the $2 minimum will net less than a family of four in New York City receives under public assistance.

It is a tragic commentary on these times and this present administration in particular that much of the brunt of the fight against inflation has been callously foisted upon the working poor. The AFL–CIO has estimated, for example, that if workers receiving the statutory minimum wage had received a 5.5 percent annual wage increment—the standard established by the Cost of Living Council—the Federal minimum wage would currently be about $2.21 an hour. Even this figure will be little improvement, however, as the Bureau of Labor Statistics reports that the lowest budget for the cost of family consumption for a family of four in the New York City metropolitan area is $6,353 per annum—almost $2,000 higher than the amount grossed by someone earning $2.21 per hour. But when you then include such necessary additions as social security contributions, income taxes—Federal, State, and local—and similar payments,

the total budget for this family of four becomes $7,841.

As I noted in my separate views in the committee report, the drastic inflation of food prices has a substantial impact on those workers who are struggling to support their families on the minimum wage and, at the meager level proposed under H.R. 12435, I am afraid that many of these workers will simply not be able to make ends meet. Frankly, the basically inadequate increments contained in this legislation are required simply to catch up with the rising cost of living and the general inflationary spiral.

In addition to establishing new wage minimums H.R. 12435 also authorizes a number of important and long-overdue extensions of FLSA coverage and protection to large numbers of workers who have been forced to endure a second-class status for far too many years. It will afford the protection of the law to over 7 million additional Federal, State, and local government employees and domestic workers and will furnish overtime coverage to millions of our fellow countrymen who have been long denied the benefits of meaningful salaries for many hours of work. By providing for this additional coverage we will remedy a number of gross injustices which exist in the American labor force.

Mr. Chairman, we must pass this legislation by a substantial majority in order to impress upon this administration that we will no longer tolerate an economic program which clearly appears to be designed to promote business and special interests at the expense of the American worker. It is nothing more than pure hypocrisy that Mr. Nixon should deliberately withhold a much needed wage increase for this country's poorest workers after his own meaningless economic policies have resulted in one of the worst periods of inflation and economic dislocations in the U.S. history.

One can only assume that Mr. Nixon was more interested in fighting inflation with the wages of the poor when he vetoed the minimum wage last year while permitting corporate profits to rise to record heights than in pursuing programs which could have provided some relief. As with the debate over the necessity for a full employment economy, the struggle over a minimum wage increase is very much the classic confrontation between this country's "have's" or the majority and the "have nots"—blacks, Spanish-speaking, women, youth, and other minorities; that is, as long as the majority has what it wants, why should it be concerned with the needs and problems of the minority.

The overwhelming necessity for a livable minimum wage and the achievement of a full employment economy are not only directly related but confront at least one common obstacle—the claim by many economists, business leaders, academicians and government officials that these factors will result in an unacceptable level of inflation. One of our colleagues has proclaimed, for example, that—

> Increasing the minimum wage will . . . raise prices.

Many cite the findings of Prof. A. W. Phillips of the London School of Economics that unemployment rates below 2½ percent would cause wages to rise faster than productivity and presumably would be accompanied by rising prices as proof positive that the American economy cannot afford zero unemployment, or even a decline below 4 percent unemployment, as there will then be a proportional rise in prices. Directly related to the ramifications of the Phillips Curve is the fact that the capitalist economy must have built-in unemployment at a substantial level in order to prevent workers from seeking higher wages by keeping them in a constant state of anxiety over job security. Closely associated with this theory is the contention that the minimum wage must be kept in check in order to prevent any inflationary pressures.

I have recently come across a very well-written and perceptive article on this issue by New York University Prof. Helen Ginsburg. Also citing the Phillips Curve, Professor Ginsburg quite accurately notes that, because of it, full employment "has been redefined to mean the unemployment rate considered consistent with the degree of price stability desired by policymakers." I believe that Ms. Ginsburg's very timely observations warrant our careful reflection and I submit it at the end of my remarks for inclusion in the RECORD.

Mr. Chairman, despite its failings, we must enact H.R. 13435 in order to provide not only some small aid to the millions of underpaid and unprotected working men and women of this Nation but also some degree of hope that their plight is recognized and that some more substantive action may eventually be taken to further assist them. Approval of this bill today will represent important progress and we must not shirk our obligation to help our country's working poor.

The article follows:

NEEDED: A NATIONAL COMMITMENT TO FULL EMPLOYMENT

(By Helen Ginsburg)

More than 300 years ago, the pioneering English economist, Sir William Petty, advocated a new and daring approach to the growing problem of unemployment.[1] In contrast to actual practice in seventeenth century England, Petty was convinced that the unemployed "ought neither to be starved, nor hanged, nor given away." That idea seemed absurd to wealthy Englishmen at the onset of capitalism, as did his belief that lack of employment, rather than innate laziness, might be the real cause of the miserable condition of the unemployed.

Ironically, Petty was motivated by hard-headed economic logic rather than by humanitarianism. He reasoned that the unemployed represented an untapped source of labor available to enrich the nation and suggested that they be provided with public employment to enable them to build highways, plant trees, build bridges, and so forth—a proposal still to gain acceptance in the United States.

The lot of the unemployed poor was not a happy one in Petty's time nor in subsequent centuries. The continued spread of poverty and unemployment in England during the initial transition to industrial capitalism convinced the upper classes that relief caused poverty by encouraging dependency. So unemployed paupers were put to work. But this work was punishment rather than dignified employment—and the misery of the paupers continued unabated. The many workhouses that were established throughout England, and later in America, served as punitive institutions to discourage the poor from relying on relief. "The workhouses in which the paupers were confined," observed historian Paul Mantoux, "came to be much more like a prison than a refuge. The fear it inspired was relied on to frighten away all who had not reached the last stage of destitution."[2]

Some of the "idle poor," mostly children, were provided with "real" jobs outside the workhouses—in the prison-like textile factories that sprang up in England during the Industrial Revolution:

"The parishes . . . were only too anxious to get rid of their paupers. Regular bargains, beneficial to both parties if not to the children, who were dealt with as mere merchandise, were entered into between the spinners on the one hand and the Poor Law authorities on the other. Lots of fifty, eighty or a hundred poor children were supplied and sent like cattle to the factory where they remained imprisoned for many years.[3]"

Even with the passing of the worst abuses of the industrial revolution, unemployment remained. Indeed, bouts of unemployment recurred more or less periodically in all industrial capitalist nations. Attempts to understand these phenomena have left us with sharply different interpretations of the nature and significance of unemployment—and with equally varied policy prescriptions.

Socialist theoretician Karl Marx, writing in the nineteenth century, considered depressions and unemployment inevitable under capitalism.[4] Marx concluded from his analysis that ever-worsening depressions would contribute to the weakening of capitalism. Eventually, with the help of a revolutionary working class, the sick system would collapse. Humane socialism would be born out of the ashes of inhumane capitalism, ending forever the scourge of unemployment.

In stark contrast to Marx's ideas were those of a long line of influential economists, stretching from the late eighteenth century into the twentieth century. The Frenchman Jean Baptiste Say, the Englishman Alfred Marshall, and many other classicists and neoclassicists stressed the transitory nature of unemployment. In on way or another, they minimized the extent of involuntary unemployment and even denied the possibility of its existence. Belief in the self-regulating nature of capitalism permeated their doctrines. They advocated laissez-faire: the government should keep its hands off the economy—even in times of unemployment.

The Great Depression of the 1930's shattered the commanding authority of neo-classical theories. More than the stock market had crashed.[5] The economy was in near-ruin. Poverty, mass unemployment, conflict and chaos were everywhere. Nearly 13 million people were out of work; miners earned $1.75 a day; soup kitchens and bread lines dotted the landscape; and labor was picketing, marching, demonstrating and sitting-in. Unemployment skyrocketed from 3 per cent in 1929 to 25 per cent in 1933. From 1931 to 1940, joblessness never fell below 14 per cent, and in four years it averaged more than 20 per cent.[6]

In 1936, in the midst of this catastrophic depression whose tentacles left no capitalistic nation unscathed, the British economist John Maynard Keynes introduced theories that provided new intellectual support for active government intervention in the economy. These Keynesian or "new economic" theorists eventually gained widespread acceptance and came to dominate economic thinking in the capitalist world.

Like Marx before him, Keynes acknowledged capitalism's built-in tendency to generate high unemployment. Unlike Marx, how-

Footnotes at end of article.

ever, Keynes was a staunch supporter of capitalism. With active government intervention in the economy, argued Keynes, full employment could be achieved under capitalism. With enough government expenditures, sagging demand in the private sector could be bolstered and the economy could be pushed to full employment.

In the end, conditions proved more crucial than theory in determining policy. Armies of the unemployed were clamoring for jobs. The New Deal strategy to end unemployment antedated, but bore a remarkable resemblance to Keynesian theory. The most notable of the myriad government-sponsored work projects was the productive but much-maligned W.P.A. There were also indirect attempts to increase employment by stimulating private business. Adherents of laissez-faire attacked New Deal efforts as too massive, but they were not massive enough to end unemployment, which still averaged nearly 10 per cent in 1941.

With World War II, conditions changed abruptly. From 1943 to 1945, unemployment remained below 2 per cent, dropping to a record low of 1.2 per cent in 1944. Eventually the armed forces absorbed some 11.5 million men and women. With millions of new war-induced civilian jobs to fill, severe labor shortages developed.[7] People whose labor had previously been unutilized or underutilized became valued workers and helped to keep the wartime economy running. Applicants who would have been told in other times that they were "too old," or "disabled," or that they "belonged in the kitchen" were hired. Faced with a tight labor market and government pressure, racial discrimination by employers also abated somewhat, and black workers scored some employment breakthroughs in industry.

The most extended period of full employment this nation has ever known occurred during World War II. Clearly, a tight labor market helped disadvantaged workers. Full employment also proved to be a powerful weapon against poverty. With jobs in hand, millions of breadwinners left the ranks of the poor.

Even full employment did not erase the memory of the depression. There was widespread fear of a recurrence after the war. Liberal and labor circles believed that the country should never again tolerate the plague of unemployment; that a nation capable of total mobilization for war could plan for a peaceful postwar economy, with guaranteed jobs for all.

The Full Employment Bill of 1945 was the political expression of these sentiments. The bill, introduced by liberal senators, declared that:

"All Americans able to work and seeking work have the right to useful, remunerative, regular and full-time employment, and it is the policy of the United States to assure the existence at all times of sufficient employment opportunities to enable all Americans who have finished their schooling and who do not have full-time housekeeping responsibilities to freely exercise this right." [8]

But Congress was unwilling to accept the concept of the right to employment. Despite Senate approval, by 75 to 0, the bill was defeated by conservatives in the House of Representatives.[9] What finally emerged in 1946 was the present law, the Employment Act of 1946. This weaker substitute nevertheless states that the federal government has the responsibility to create conditions:

"Under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work, and to promote maximum employment, production, and purchasing power." [10]

To achieve these aims, the federal government was committed to use "all practical means consistent with its needs and obligations and other essential considerations of national policy." But the concrete goal of the right to employment—in effect, guaranteed employment—was replaced by the more vague goal of "maximum" employment. With plenty of room for flexible interpretations, future governments were even given leeway to opt against full employment, if its attainment seemed inconsistent with other policy goals.

Since passage of the Employment Act of 1946, unemployment has remained far below the depression levels of the 1930's; but it has also lingered well above the full employment levels of World War II. In recent decades, joblessness has been substantial and persistent, and has been drifting upward. The trends are disturbing. For example, from 1946 to 1959, unemployment averaged 4.2 per cent, compared with 4.9 per cent from 1960 to 1972. In these 27 years, unemployment has risen above 5 per cent 12 times but has dipped below 4 per cent only 10 times. Most disquieting of all, since 1948, unemployment has never gone below 4 per cent, except in wartime—from 1951 to 1952 and again from 1966 to 1969.

Unemployment in the United States is substantially higher than it is in many industrial nations. From 1961 to 1970,[11] unemployment averaged 4.7 per cent in the United States, compared to 0.6 per cent in Germany, 1.3 per cent in Japan, 1.5 per cent in Sweden, 2 per cent in France and 3.1 per cent in Great Britain. But contemporary American society on the whole exhibits little concern over rates of unemployment that would be politically intolerable elsewhere. In Paris, demonstrations for full employment occur when unemployment hits 2.6 per cent. Yet, as Senator Alan Cranston (D., Calif.) observed in testimony on behalf of the Public Service Employment Act of 1972: "In this country the rate hovers at 6 per cent and nobody seems to care." [12]

Does callousness about unemployment stem from anxiety over inflation? Many—but not all—economists feel there is a trade-off between unemployment and inflation (the Phillips curve, in technical jargon). According to this reasoning, driving down unemployment causes prices to rise and, conversely, increasing unemployment decreases the rate of inflation. Consequently, in many circles, even the concept of full employment has changed over the years. No longer does the term focus on human beings. No longer does it mean that all jobseekers will find jobs. Instead, it focuses on price changes. *Full employment has been redefined to mean the unemployment rate considered consistent with the degree of price stability desired by policymakers.*

While he was President Richard Nixon's director of the Office of Management and Budget, George Shultz stated that "the definition of unemployment we [government] have used in calculating full employment is a rough four per cent unemployment." [13] There are even hints that this figure may be revised upward soon. Witness a recent Treasury Department report: "Over the next few years a four per cent unemployment rate as a national goal is not feasible without significant inflation." [14]

This economy rarely operates with only four per cent unemployed. But suppose unemployment fell to that level. With our present civilian labor force of about 86 million workers, 3.4 million of them would still be without jobs. Only in an Alice-in-Wonderland world could that be considered "full employment."

With price stability given top priority, the reduction of unemployment has become a secondary goal of government—if indeed it is a goal at all. Keynesian measures—deliberate use of fiscal and monetary policy—are not vigorously applied to combat unemployment, lest prices rise. Even worse, strategies are advocated to hold down inflation by increasing unemployment. Thus, when unemployment fell to 3.6 per cent in 1968, the Business Council worried about inflation. That influential group, mainly corporate presidents and board chairmen, wanted the next President to take deliberate steps to reduce the pace of inflation—even if those steps meant increasing unemployment to 5.5 per cent.[15] By 1970, unemployment had already risen to 4.9 per cent. Yet Andrew F. Brimmer, a Federal Reserve Board member, urged fighting inflation with measures that would necessitate "a somewhat higher level of unemployment." [16]

Concern about inflation can, at best, only partly explain our attitude toward unemployment. Other nations, too, must cope with inflation, which in recent decades has generally been greater in Europe than in the United States. This is still true despite the rapidity of recent price rises in the United States. But strong political pressure from labor and the left has committed the governments of most industrial nations in Europe to full employment—even if the consequence is rising prices. Lacking sufficient pressure, the United States government gives priority to the quest for stable prices—even if the consequence is high unemployment.

What else accounts for America's complacency about unemployment? Does indifference stem from ignorance of the true extent of unemployment? In 1972, unemployment was 5.6 per cent, and 4.8 million persons were jobless. But official figures grossly understate the amount of unemployment. Let us cite just two examples: part-time workers and discouraged workers. Persons who work part-time usually do so out of choice. But some do so out of necessity, when full-time work is unavailable. In official statistics, part-time workers who want full-time jobs but are unable to find them are considered employed.[17] Actually, they are partly unemployed and may suffer sharply reduced earning power.

Consider also the discouraged or hidden unemployed. Jobless men and women who want to work but have become so discouraged that they have given up searching for jobs are not counted as unemployed. They are classified as "not in the labor force," and their presence goes unrecorded in the official unemployment count. If we add the 2.4 million involuntary part-time workers and the 765,000 [18] discouraged unemployed to the inventory of the jobless, the magnitude of unemployment looks strikingly different. In 1972, at least 8 million persons were fully or partly unemployed, compared to 4.8 million persons officially unemployed.

Is it the composition of the jobless rolls that explains our society's insensitivity to the problems of the unemployed? Unemployment is no longer the mass affliction it was in the 1930's. It does not fall evenly on the whole population; nor does it strike at random. While most of the unemployed are neither poor nor black—and no one is absolutely immune—unemployment is selective, striking hardest and most disproportionately at those on the bottom rung of society's ladder. Unemployment tends to hit the same groups over and over again. Those with the most job insecurity and the least earnings are the most vulnerable: blacks, the poor, youths, unskilled workers and women. As blacks well know, the old adage, "last to be hired and first to be fired," is still true. The affluent and professional workers are more rarely unemployed, but it can happen. Unemployment among engineers in Seattle, editors in New York or college professors in California is dramatic, and newspapers and television document it. But unemployment and misery in the ghettos are constant, less interesting and ignored—except when cities burn.

The more familiar statistics obscure these sharp group differences in unemployment.

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Thus, unemployment was 5.6 per cent in 1972. But that is an average rate that masks the fact that unemployment was 5 per cent for whites, compared to 10 per cent for blacks.[19] The average rate can hold little consolation for 16- to 19-year-olds in the labor force; 16.2 per cent of these white youths and 33.5 per cent of the black youths were jobless. At upper occupational levels, 2.4 per cent of professional and technical workers and 1.8 per cent of nonfarm managers and administrators were out of work. But on the bottom, 10.3 per cent of nonfarm laborers were unemployed.

The women's liberation movement has not yet eliminated the male-female unemployment rate gap. In 1972, male unemployment was 4.9 percent; female unemployment was 6.6 percent, about one-third higher, and the differential has widened considerably over the past two decades. Yet the earnings of married women enable many families to climb from near-poverty to more decent living standards. And for families headed by working women, unemployment is often the first step on the road to welfare. Even female heads of households experience greater unemployment than their male counterparts—5.4 percent for women contrasted with 3.4 percent for men in 1971.[20]

Despite Freedom Rides, sit-ins, demonstrations and riots, the unemployment rate for blacks is still about double that of whites—a ratio practically unchanged for two decades. Even the statement that 10 percent of blacks are unemployed compared to 5 percent of whites masks much of the problem. In ghettos, the official unemployment rate is just the tip of the iceberg. By the mid-1960s, the Bureau of Labor Statistics (BLS) recognized the relative irrelevance of using official unemployment figures to describe the state of unemployment and underemployment in urban slums and designed a "subemployment" index, which included not only the official unemployed but also groups not normally counted in that category. To the official unemployed were added involuntary parttime workers, heads of households working full-time but earning less than $60 a week (the poverty level at that time), male "discouraged" unemployed workers, and a few similar groups.[21]

Using this index, the BLS surveyed 10 slum areas. Their findings spelled catastrophe. In January, 1967, with nationwide unemployment at 3.7 percent, official unemployment in these slums was 10 percent. But *subemployment* ranged from 24 percent in Boston to 47 percent in San Antonio. Everywhere the pattern was repeated: Bedford Stuyvestant, 28 percent, East Harlem, 33 percent, Philadelphia, 34 percent, St. Louis, 39 percent. The subemployment survey got to the heart of the problem: unemployment and the inability to earn an adequate income. "If a third of the people in the nation couldn't make a living," said Labor Secretary Willard Wirtz in a confidential memo to President Lyndon Johnson, "there would be a revolution." [22] Wirtz recognized that for people in the slums, the depression of the 1930's had never ended. But other Americans, for whom that depression was only a chapter in a history book, have chosen to ignore that fact.

By the summer of 1967, riots reconfirmed the calamity of ghetto life. The report of the National Advisory Commission on Civil Disorders reiterated and supplemented the BLS findings.[23] The commission found that an unemployment crisis was only part of the problem. Equally disturbing was the undesirable nature of many jobs open to Negroes and other minorities. Negro men were more than three times as likely as white men to hold low-paying, unskilled or service jobs, which tend also to be part-time, seasonal and dead-end jobs. The commission singled out the concentration of Negro men in the lowest occupations as the most important cause of poverty among Negroes.

Riots are only one manifestation of despair. Sub-employment has a human face. As Elliot Liebow has said,[24] a man without a job or a working man who is unable to support his family is being told clearly and for all to hear (especially his family) that he is not needed. No man can live for long with this terrible knowledge. Liebow's extensive study of Negro street-corner men showed that the youths who have never worked but can foresee their probable future and the men who are unable to support their families retreat to the streetcorner. There, in self-defense, they join with others like themselves to construct a world which gives them some minimum sense of belonging and being useful.

The welfare explosion of the 1960's centered considerable attention on fatherless families and on the need for "work-fare" programs for welfare mothers. The urgent need for decent jobs for ghetto men failed to arouse equivalent concern. Yet male subemployment has been cited as one of the causes of fatherless families.

The National Commission on Civil Disorders did recognize the significance of male subemployment and called for more and better jobs. In March, 1968, the commission advocated, among other actions, creation of two million new jobs within three years. But by March, 1971, because of a recession, there were actually 2.1 million more unemployed.

It is comforting—but untrue—to think that subemployment is no longer a major ghetto problem. A very recent analysis of Census Bureau volumes on *Employment Profiles of Selected Low Income Areas* by a subcommittee of the Senate Committee on Labor and Public Welfare confirms the persistence of widespread subemployment.[25] Using a subemployment index conceptually similar to that of the BLS in 1967, but with a $2 an hour cut-off point, the subcommittee tied the subemployment index to the official $4,000 poverty budget for urban families of four. In late 1970 and early 1971, subemployment averaged 30.5 per cent in 60 major poverty areas of 51 cities.

The subcommittee also developed an alternate index of subemployment using a $3.50 an hour cutoff point as a proxy for the BLS "lower living cost" budget for an urban family of four. That budget averaged $6,960 nationally. This is substantially higher than the "poverty budget" but represents a realistic estimate of the cost of a more socially acceptable standard. The findings were astounding. Fully 61.2 per cent of workers in poverty areas were unable to provide for their families at the "lower level living" standard.

Poor people, even those on welfare, as Leonard Goodwin has shown, are committed to the work ethic and have the same aspirations as middle class people.[26] But for most of the poor, the work ethic has proven a sham. Even hard work does not enable them to live in decency.

It is cruel and senseless for a nation to talk about the work ethic while those in power discuss the need to increase unemployment. With a labor force of some 86 million persons, even a one percentage point rise in the unemployment rate condemns an additional 860,000 people to joblessness.

If we are to eliminate poverty, adequate income maintenance must be provided for those unable to work. But jobs are the best form of income maintenance for those who are willing and able to work. The nation must belatedly accept the concept proposed in the Full Employment Bill of 1945. *The federal government must guarantee the right to remunerative, full-time employment.* The federal government must provide meaningful public service jobs at wages that will enable workers to attain at least the BLS lower living standard if it is impossible to absorb them into the private sector of the economy. For affluent America to push its poor and its welfare recipients into menial, low-wage and dead-end jobs is the modern equivalent of sending the children of the "idle poor" to the textile mills.

Public service employment is not mere "make work." The much maligned W.P.A. produced plays, painted murals, and built swimming pools, bridges, viaducts, public buildings, water mains, parks, roads and streets and much more. Today, there is a critical need for public service workers in such fields as health, housing inspection, education, traffic control, urban renewal, sanitation, parks and recreation, and pollution control. Enactment of the Service Employment Act of 1972 (the Hawkins-Cranston Bill) would be a step in the right direction. If we firmly acknowledge William Petty's discovery that the labor of the unemployed poor represents an unused national asset, the quality of their lives and the lives of all Americans can be substantially improved in the 1970's.

FOOTNOTES

[1] Sir William Petty, from *A Discourse of Taxes and Contributions* (London: 1667), in Helen Ginsburg (ed.), *Poverty, Economics and Society* (Boston: Little, Brown, 1872), pp. 12–14.

[2] Paul Mantoux, *The Industrial Revolution in the Eighteenth Century* (1905), rev. ed. (New York: Harper Torchbooks, 1962), p. 432.

[3] *Ibid.*, pp. 410–411.

[4] For views of Marx, Say, Marshall and Keynes, see any book on the history of economic thought. Especially good for noneconomists are Robert L. Heilbroner, *The Worldly Philosophers* (New York: Simon and Schuster, 1967), Daniel R. Fusfeld, *The Age of the Economist* (Glenview, Ill.: Scott, Foresman and Co., 1966) and Jacob Oser, *The Evolution of Economic Thought* (New York: Harcourt, Brace and World, 1963).

[5] For an eyewitness picture of the depression era, see David A. Shannon, *The Great Depression* (Englewood Cliffs, N.J.: Prentice-Hall, 1960).

[6] Unless otherwise specified, data are from or derived from *Employment and Earnings* (U.S. Department of Labor, Bureau of Labor Statistics), Vol. 19, No. 8, February, 1973. Other good sources of data and information on unemployment are the *Monthly Labor Review* (U.S. Department of Labor, Bureau of Labor Statistics), and the annual *Manpower Report of the President* (U.S. Department of Labor).

[7] Manpower policy in the depression and afterward is analyzed by Garth Mangum, *The Emergency of Manpower Policy* (New York: Holt, Rinehart and Winston, 1969).

[8] Council of Economic Advisers, "The Employment Act: Twenty Years of Experience," in John A. Delchanty (ed.), *Manpower Problems and Policies* (Scranton, Pa.: International Textbook Co., 1969), p. 5.

[9] Garth L. Mangum, *op. cit.*, p. 22.

[10] *Ibid.*, p. 21.

[11] Constance Sorrentino, "Unemployment in Nine Industrialized Countries," *Monthly Labor Review*, June, 1972, pp. 29–33. Derived from Table 1, p. 30.

[12] U.S. Senate Committee on Labor and Public Welfare, Sub-Committee on Employment, Manpower and Poverty, *Hearings on Comprehensive Manpower Reform*, 92nd Con., 2nd Sess., Part 5 (Washington, D.C.: U.S. Government Printing Office, 1972), p. 1647.

[13] U.S. Congress, Joint Economic Committee, *Hearings on the 1972 Economic Report of the President*, 92nd Cong., 2nd Sess., Part 2 (Washington, D.C.: U.S. Government Printing Office, 1972), p. 325.

[14] *Ibid.*, p. 325.

[15] Eileen Shanahan, "Executives Back Job Cut in a Split with President," *The New York Times*, October 21, 1968.

[16] Edwin L. Dale, Jr., "'Necessary' Rise in Idle Predicted," *The New York Times*, June 21, 1970.

Footnotes at end of article.

[17] For details on measuring unemployment, see U.S. Department of Labor, *How the Government Measures Unemployment*, Bureau of Labor Statistics Report No. 418, p. 1973.

[18] Paul O. Flaim, "Discouraged Workers and Changes in Unemployment, *Monthly Labor Review*, March, 1973, Table 1, p. 10.

[19] Statistics relating to blacks in this article refer to "Negroes and other races." Negroes comprise about 92 per cent of the persons in this statistical category.

[20] Paul O. Flaim and Christopher G. Gellner, "An Analysis of Unemployment by Household Relationship," *Monthly Labor Review*, August, 1972, pp. 9–16, Table 3, p. 14.

[21] U.S. Department of Labor, *A Sharper Look at Unemployment in U.S. Cities and Slums*, 1967.

[23] U.S. Senate, *Hearings on Comprehensive Manpower Reform*, p. 2321 (Part 5).

[22] *Report of the National Advisory Commission on Civil Disorders* (New York: Bantam Books, 1968), especially Chs. 7 and 17.

[24] See Elliot Liebow, "No Man Can Live with the Terrible Knowledge that He is Not Wanted," *The New York Times Magazine*, April 5, 1970, pp. 28–29 and 129–133, and *Tally's Corner* (Boston: Little, Brown, 1967).

[25] U.S. Senate, *Hearings on Comprehensive Manpower Reform*, pp. 2276–2286.

[26] Leonard Goodwin, *Do the Poor Want to Work?* (Washington, D.C.: Brookings Institution, 1972).

Mr. DENT. Mr. Chairman, I yield such time as he may require to the gentleman from California (Mr. BURTON).

Mr. BURTON. Mr. Chairman, I rise in support of this legislation.

In addition to the remarks I made with reference to the gentleman from Minnesota (Mr. QUIE) I would like to make it clear first things come first.

The distinguished chairman of the subcommittee (Mr. DENT) deserves the plaudits and commendations not only of all of us in this Chamber but all of the low-income wage earners who will hopefully receive some benefit as a result of this legislation.

Further, although I agree with the Department of Labor and not my friend from Illinois (Mr. ERLENBORN) on the newspaper distribution issue. It would be unfair to do anything but add commendations to the gentleman from Illinois not for the very onerous 5 years of work that he performed, and which, in turn, compelled a number of us to do so likewise during the course of our 5 year deadlock on this matter, but to commend him for his thoughtful, though belated, conversion to the cause. In a very serious vein I would like to commend him for his most constructive role in making this particular moment possible.

Mr. DENT. I yield to the gentleman from North Carolina (Mr. JONES) for a question.

Mr. JONES of North Carolina. I thank the gentleman for yielding.

Mr. Chairman, we have discussed overtime here covering many areas of employment, but we have a situation on Capitol Hill which concerns me to a great degree. We have, I believe, approximately 1,000 Capitol Hill policemen who are our sole protectors from demonstrators and other law violators. Also in connection with the Capitol Hill police, there are assigned from the Metropolitan Police Department x number of men, maybe 100 or 150. The inequity involved in this: During emergencies or periods when it is necessary for these officers to work overtime, the Capitol Hill police are compensated only to the extent of time accumulated for leave or vacation whereas their counterparts, those serving side by side, the Metropolitan Police, are paid overtime in cash. This seems to me a great inequity.

I wonder if the chairman would care to comment on that and what could be done to make it more equitable so that we could put the Capitol Hill police on the same basis that the Metropolitan Police are now enjoying.

Mr. DENT. As the bill is now written and after a great deal of discussion over many months and long hearings, it was decided that the other body would include in its provisions overtime provisions for the firemen and police. Our bill does not carry overtime for the police or firemen. However, it is now a question that is open for discussion in the conference.

Personally, up to this moment I did not know of the inequity between the Capitol Hill and downtown police. It is an inequity, and I think conferees will give it very serious consideration.

Mr. JONES of North Carolina. The inequity I am referring to is not that the Metropolitan Police per se downtown are getting what they are but the inequity lies with the fact that the Capitol Hill police department, where they work side by side with the Metropolitan Police, do not get reimbursed on the same basis. One gets cash for the overtime whereas the other gets time.

Mr. DENT. I am sure that is so, and I believe they should have the right to operate on the same basis as the Metropolitan Police. This is not especially a situation that should be peculiar to the Capitol Hill police.

Mr. JONES of North Carolina. We should give our employees the same protection. And I respectfully ask that this be considered in conference.

I thank the chairman for yielding.

Mr. DENT. Mr. Chairman, I yield 2 minutes to the gentleman from North Carolina (Mr. TAYLOR).

Mr. TAYLOR of North Carolina. Mr. Chairman, I take this time to direct a question to the chairman of the subcommittee with respect to section 17 of the bill, "Substitute Parents for Institutionalized Children."

Is it the intent of the committee that this section not be construed so as to extend minimum wage and overtime coverage under the Fair Labor Standards Act?

Mr. DENT. The gentleman is correct. This section was added to provide an overtime exemption for certain employees of institutions which have, since the 1966 amendments, been covered by reason of the fact that the Department of Labor considered those institutions to be educational institutions under section 3 of existing law. These employees, therefore, have been covered since 1966, and the bill merely provides an overtime exemption with respect to them. It does not, in any way, extend coverage to institutions which are not now covered pursuant to section 3 of the law.

Mr. TAYLOR of North Carolina. Do I understand the gentleman then, that institutions which provide only custodial care and make use of the local public schools would not be covered by this provision?

Mr. DENT. The gentleman is correct.

Mr. TAYLOR of North Carolina. Do I further understand that institutions which are established primarily to provide custodial care, such as orphanages and children homes, but which may also provide incidental educational instruction are equally excluded?

Mr. DENT. The gentleman is again correct. To the extent that such institutions are not now covered by existing law, this bill does nothing to include them. The gentleman may be interested in knowing that we have communicated this intent to the Director of Child Care Services of the Duke Endowment, of the gentlemans' home State, and our most recent corresdondence from him clearly indicated understanding and approval.

As the gentleman may know, this provision of the bill was primarily designed to exclude certain employees of the Hershey School, an outstanding Pennsylvania institution, which the Department of Labor treats as a covered educational institution under the law.

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

Mr. DENT. I yield such time as he may consume to the gentleman from Missouri.

Mr. ICHORD. Mr. Chairman, I appreciate very much the work that the distinguished gentleman from Pennsylvania (Mr. DENT) has done on this measure. I would ask how long the gentleman has been working on this particular legislation.

Mr. DENT. Since 1970.

Mr. BURTON. Mr. Chairman, if the gentleman will yield, since 1969.

Mr. ICHORD. The gentleman has been working on this bill since 1969?

Mr. BURTON. That is right.

Mr. ICHORD. Mr. Chairman, I understand and I appreciate the desirability, and even the necessity of compromise, but, as the gentleman from Pennsylvania knows, 7935 did not eliminate the exemption for small stores. The committee bill does phase out that exemption, and on July 1, 1976, ultimately eliminates the exemption altogether.

I wonder what the gentleman from Pennsylvania got, and what the minority gave in working out the elimination of this exemption altogether.

Mr. DENT. What we have done is only eliminate the exemption in a graded-down fashion over the years, but only for establishments within chain store enterprises. The independent stores exemption will not be eliminated by one bill.

Mr. ICHORD. That would be an enterprise doing a total business of more than $250,000 a year?

Mr. DENT. That is exactly correct.

Mr. ICHORD. But the individual stores doing less than $250,000?

Mr. DENT. That is right.

Mr. ICHORD. This was not included in 7935; why did the minority give this up in this bill, and what did the majority get in this bill? Because 7935 did not deal with the exemption at all.

Mr. DENT. I will tell the gentleman from Missouri that I might say that what we all got was an opportunity to try to

work for a bill that will raise the pay of the lowest paid workers, and we had to give a little, and they had to give a little, and they had to get a little, and we took a little, and it came out just like that.

Mr. QUIE. Mr. Chairman, if the gentleman will yield, we gave a lot, it seems to me, but really, the problem was one that nobody was really raising much concern about it, and so we just worked on the areas where deep concern was expressed by others.

Certainly everybody does not agree with every part of the bill, but we on the minority side did not even make a drive to change that provision that the gentleman from Missouri is talking about now.

Mr. DENT. I might say in closing—and I am sure it is in closing—that we have already agreed on both sides to consider the Senate proposal as well as our own suggestion that we correct the date, simply because the legislation was started in January and so many months have passed that we may have to change the effective date.

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

Mr. DENT. I yield to the gentleman from Texas.

Mr. KAZEN. I thank the gentleman for yielding.

Pursuing the line of questioning of Congressman TAYLOR on children's homes, am I to understand that this legislation does not cover any of the children's homes that have not previously been covered?

Mr. DENT. That is exactly right.

Mr. KAZEN. If the gentleman will yield further, in other words, this legislation will not extend and cover any homes for dependent children, neglected children, or boys ranches, or homes of this type, if they are not now covered under the present law?

Mr. DENT. No; it does not cover those homes as such. It just covers the ones that we have had covered before, since 1966, and we are making a correctional amendment in this as a remedy to a situation discovered to be unbearable in some of the institutions. It is a betterment of a condition rather than an added problem.

Mr. KAZEN. If the gentleman will yield further, so when my people write to me who run these homes, the charitable organizations, and the agency for the Baptist General Convention in Texas who are the sponsors, fearing that they will have to put up with overtime provisions and that they will have to have shifts for house parents, I may advise them that this kind of institution is not covered?

Mr. DENT. I can assure the gentleman that I must answer in that vein. If he desires, I will be glad to give him a letter on that.

Mr. KAZEN. I thank the gentleman.

Mr. DENT. Does the gentleman from Minnesota have any more requests for time?

Mr. QUIE. I have no more requests for time.

Mr. DENT. I yield to the gentlewoman from New York (Ms. HOLTZMAN).

Ms. HOLTZMAN. I appreciate the gentleman's yielding.

Mr. Chairman, I want, first, to congratulate the distinguished chairman for reporting out this bill after many years of hard work.

I would like to ask the chairman of the subcommittee the following question.

I was planning to introduce an amendment to this bill that would close a loophole in the Equal Pay Act for women. I had previously introduced a bill, H.R. 12061, with 35 cosponsors, that would override a court decision that permits wage discrimination on the basis of sex. I am sure that the distinguished chairman would like to see any wage discrimination on a basis of sex eliminated. I wonder whether he plans to call hearings on my bill in the near future.

Mr. DENT. I want to assure the gentlewoman from New York that the bill she sponsored, cosponsored by 35 Members, I believe, of the House, has been discussed with the Department of Labor. We have established a basis for hearings within the next several weeks. We will get a conference right away, and she will be notified of the time.

Ms. HOLTZMAN. I thank the distinguished chairman.

Mr. DENT. Mr. Chairman, I yield back the balance of my time.

Mr. PRICE of Texas. Mr. Chairman, there has been much discussion during the 93d Congress, which frequently has become quite emotional, about increasing the minimum wage. Today, I wish to discuss the implications of such an act.

A national minimum wage rate was first established in the United States with the passage of the Fair Labor Standards Act of 1938. The stated purpose of this bill was, and still is, to eliminate labor conditions harmful to the "health, efficiency, and general well-being of workers without substantially curtailing employment or earning power." In other words, the act intended to eliminate low wages without eliminating jobs.

Theoretically, increasing the minimum wage will help in eliminating existing low wages. But, in fact, a higher wage is not all happiness. Someone must pay for it. That someone is all too often the workers for whom the law was enacted.

One of the provisions in H.R. 12435 will extend minimum wage coverage to an additional 3.4 million Federal, State, and local government employees. Presently, 5 million Federal, State, and local employees are covered. A minimum wage should mean higher salaries for these people, but in essence, since their salaries are paid from tax revenues, the only way that their wages will be increased is to increase taxes. Can anyone say what take-home pay these additional 3.4 million workers are going to have after their taxes are raised?

An increase in the hourly minimum wage does not mean an automatic guarantee of higher wages, nor does it mean more money in the pocket of the wage earner. We cannot tamper with basic economic laws. If we legislate in violation of these laws, the end result can only be more economic trouble.

If by raising the minimum wage, we merely succeed in adding to the inflationary spiral by forcing prices up, we have really accomplished very little. And in the long run, we end up legislating to the detriment of those we seek to help.

Should the minimum wage be increased to $2 or to $2.50 per hour, the fires of inflation will be fanned to new heights, and additional unemployment will hit American's work force.

The National Association of Counties and the National League of Cities support the minimum wage bill but they oppose any attempt to extend coverage to firemen and policemen. The House bill does not contain such a section although the Senate passed bill does provide for this additional extension. The reason why counties and cities oppose this provision should be quite obvious: their budgets cannot afford it.

The National Retail Merchants Association oppose the minimum wage bill because they will not be able to absorb the additional wages increase. Some businesses might have to close and most will reduce their number of employees, especially due to the House provision to eliminate the "dollar volume" test by July 1976.

The chamber of commerce worries about the possible inflationary repercussions of this legislation.

And I worry about this legislation.

More views could be presented in opposition to raising the minimum wage for various reasons. But, everything boils down to one point: raising the minimum wage does not automatically guarantee higher wages.

If we pass this bill, we will be able to go home and tell our constituents we raised their wage rates, but if we are honest, we will also have to tell them that the Congress voted for more inflation, higher prices, more unemployment, more taxes, and no real increase in personal spendable income.

Mrs. HOLT. Mr. Chairman, I am pleased that a minimum wage bill is back on the floor of the House. Many of us in this Chamber have recognized the need for alterations in the minimum wage rate, expansion of eligibility, and increased overtime coverage, but we were unable to support last year's bill because of specific objectionable features.

The bill we are considering today, H.R. 12435, is, in my opinion, a vast improvement over last year's proposal. It provides for a moderate, needed increase in wage rates, extends wage and overtime benefits to many American workers who are currently being denied them, and provides for a wage differential for full-time students. In general, I feel that this bill will minimize inflationary pressures and protect employment opportunities for low-income workers.

There is, however, one provision in this bill which I feel will work to the detriment of small independent businessmen. Section 8 of H.R. 12435 will phase out the current $250,000 volume exemption by July 1, 1976. If it is necessary to eliminate this exemption, and I am not sure that it is, we should at least give the small businessmen time to adjust to this change. Two years is not enough time to effect these adjustments. My colleague from Missouri (Mr. ICHORD) has offered an amendment which has the

effect of delaying this proposed phaseout by 1 year. Under this amendment, the small store exemption would not be completely eliminated until July 1, 1977. I support this amendment.

In addition, I am concerned about the extension of wage rate and overtime coverage to employees of State and local governments. There is a serious question in my mind as to the advisability of further Federal intrusion into the affairs of other levels of government. We have witnessed too much of this in the past and the results have been less than desirable. No one favors subminimum wage level public employees, but I must question the right of the Federal Government to dictate wages and employment conditions to State and local governments.

The enactment of significant legislation inevitably involves a compromise; you must consider the good features along with the bad, and determine which is predominant. I maintain that the minimum wage bill which is before us today is, essentially, responsible legislation. It has been 8 years since the passage of minimum wage legislation; during this time, the consumer price index has increased over 35 points. Relief for the low wage earner is long overdue.

Mr. Chairman, I endorse the passage of the Fair Labor Standards Amendments of 1974, H.R. 12435.

Mr. McKAY. Mr. Chairman, I wish to commend the House Education and Labor Committee for their effort in drafting this significant minimum wage legislation. These observations are in no way intended to distract from the good work of the committee, but to clarify matters of particular importance to me.

I was successful in amending last year's minimum wage legislation in order to exempt institutions of higher learning from the certification process in hiring full-time students. My amendment is included in this year's bill on page 40, lines 16–19 of H.R. 12435. By including this provision in the bill, the committee makes it clear that the certification requirements of section 24 are not applicable to the employment of full-time students by an educational institution at which they are enrolled unless the Secretary determines it is violating the other requirements of section 12 in its employment of students. To be more specific, it is my understanding from the committee, that this provision is meant to exempt universities and colleges from being involved in the certification process discussed in paragraph 3 of pages 38–39 so long as such colleges and universitie are not in violation of regulations promulgated "to assure that this paragraph will not create a substantial probability of reducing the full-time employment opportunities of" other persons.

The purpose of section 24 is to provide employment opportunities for students who desire to work part time so long as such employment does not displace adult workers. In promulgating regulations to insure that student employment does not have a substantial probability of reducing full-time employment, the Secretary could dismantle university student employment programs if the regulations were too restrictive. I am certain that this is not the intent of the committee. Therefore, the Secretary should consider average student employment of educational institutions in recent years in developing regulations. It should not be a violation of the substantial probability requirement if the number of students employed by an educational institution does not substantially increase.

Mr. NIX. Mr. Chairman, I am happy to lend my support to this bill, which raises the minimum wage for American workers and extends minimum wage protection to millions who previously were unprotected.

I hope this bill will be passed and I also hope that President Nixon will reverse his past course and sign it into law. An increase in the minimum wage is long overdue. The increases in this bill are modest indeed when one considers the soaring costs of the necessities of life.

I fail to understand the logic of those who insist that these modest increases will cause great inflation and economic calamity. And I fail to see the justice in the demand that these low-paid workers should bear the brunt of the effort to hold down inflation. Indeed, simple justice and equity demand that these workers be given at least this minimum protection against the rising cost of living.

Mr. DONOHUE. Mr. Chairman, I most earnestly hope that the House will resoundingly approve, without any weakening changes, the vitally important measure now before us, H.R. 12435, the Fair Labor Standards Amendments of 1974, which, in summary, is designed to increase the current minimum wage rate from the present $1.60 an hour up to $2.30 an hour by spaced increments, in various worker categories, over a period of 4 years and extend wage and hour coverage eligibility to approximately 9.5 million additional workers.

In moving toward our determination of this vitally important legislative proposal let us emphasize that there has been no increase in the minimum wage since 1967, and let us also remember that a person earning $1.60 an hour, working 40 hours a week and 52 weeks a year would only make an annual income of $3,320, which figure, according to our own U.S. Department of Labor, is well under the $4,200 per year, that this Federal agency proclaims to be the poverty level income for a family of four.

Let us further emphasize, however, regrettably, that the cost of living in this country has risen more than 42 percent since the last minimum wage increase granted over 6 years ago, and if it were to be raised only enough to keep up with the intervening cost of living, it would have to be placed at a figure of $2.28 per hour right now.

In consideration of these facts and in the face of ever accelerating increases in the cost of basic living necessities and personal services, it is practically impossible to understand how anyone can attempt to justify the withholding of a marginal minimum wage increase to the millions of workers and their families who are undergoing extreme hardships from the inflationary plague, aggravated by the energy shortage, that is raging throughout this country.

We should also, Mr. Chairman, be consciously mindful that the documented history of minimum wage increases very clearly demonstrates that every advance in the minimum wage since World War II has resulted in additional employment opportunities for all our working citizens of whatever age or economic level.

Mr. Chairman, as a matter of truth it is obviously discriminatory and unjust to use millions of our lowest-paid workers as scapegoats for our inflation affliction and it seriously undermines the imperative necessity of insuring that the sacrifices that must be made to overtake and overcome the inflationary curse must be equally distributed throughout every segment of our society.

If great numbers of our people ever become convinced that our Federal Government does not intend to apply the basic principle of equal treatment for all in our effort to stabilize our economy, then I think it is quite apparent there is a very grave danger that we will not only be unable to successfully resolve our inflation problem, but we will also be unable to resolve any of the other great domestic and international problems that threaten our continuing status as a first-class world power.

Mr. Chairman, because of the reasons I have already outlined together with the overwhelming evidence on record, I very earnestly believe that the House, in simple justice to millions of American workers, should overwhelmingly approve this minimum wage bill and I hope that such approval will be forthcoming without extended delay.

Mr. HARRINGTON. Mr. Chairman, I rise in strong support for H.R. 12435, the "Fair Labor Standards Act Amendments," otherwise known as the minimum wage bill. This legislation, it seems to me, deserves the overwhelming endorsement of the House of Representatives.

H.R. 12435 provides a badly needed increase in the minimum wage, to $2.30 per hour, and will extend protection of the minimum wage and overtime laws to 12 million nonsupervisory employees, 615,000 Federal employees, 513,000 agricultural employees not presently covered. The basic minimum wage would rise from the present levels of $1.60 per hour for nonagricultural employees and $1.30 per hour for agricultural employees, to $2.30 per hour for nonagricultural workers and the same amount for individuals working in agricultural employment. Thus, for the first time, the disparity between the minimum wage for agricultural and nonagricultural workers would be eliminated, although the $2.30 wage would become effective in 1976 for the nonagricultural workers, and 1 year later for most agricultural employees. Eventually, approximately 6 million workers would benefit from the minimum wage increase and the extension of coverage.

There should be little question that these wage increases are needed, especially in the light of the crush of today's inflation. And, it should be remembered that the workers affected by the minimum wage laws are those at the lower end of the wage scale—those who need

help most. The cost of living has risen more than 25 percent since 1966, yet the current minimum wage rates of $1.30 and $1.60 per hour, set in 1966, have not been adjusted to help meet the inflationary crunch. What is more, increasing taxes—especially in the form of the regressive social security payroll tax—have further eroded the ability of the worker to make ends meet. Because of inflation, 1974's $1.60 buys less than $1.25 did in 1966. And, many workers covered by the minimum wage have been deprived of full overtime earnings because their industry was exempt from the overtime pay requirements of the Fair Labor Standards law.

Between the establishment of the minimum wage in 1938 and today, the cost of living has risen nearly 230 percent. During this time, however, only four bills increasing the minimum wage have been signed into law, and last year, for the first time in the history of the legislation, a President vetoed a minimum wage bill. Unhappily, the veto was sustained, preventing immediate assistance to the workers, covered and uncovered, and their families, who had suffered a 37½-percent increase in the cost of living.

I cannot accept the arguments of the President that last year's minimum wage bill was inflationary and likely to increase unemployment. From the record, the President is the last one anyone should listen to about these subjects, as this administration has defined the economists in proving, to the lament of the nation, that you can have both high inflation and high unemployment.

It is not too much to ask that we extend the decency of a living wage to workers now unprotected, as far as I am concerned. It is not too much to ask that we make at least an effort to bring the minimum wage rate up to a contemporary standard, even though within another year or two even the levels contained in this bill will be too little, and too late as well. Already, the minimum wage is so low that significant numbers of Americans, rather than work for such paltry pay, have opted for the welfare system. Is this any kind of sensible approach to either employment policy or to income maintenance? I hardly think so.

Congress must enact a far-reaching minimum wage law, to improve the income available to working families to the point they can lead a decent life, and to end this inane incentive away from welfare and towards work. Most important, though, is the concept behind minimum wage legislation—and that is the right of Americans to have the protection of their Government in seeing that a decent, livable wage is paid for a day's work. The House should pass this bill today, and if the President furthers his past follies by vetoing this needed legislation, then Congress must rise to this challenge and override the veto.

Mr. BAUMAN. Mr. Chairman, the proponents of H.R. 12435, the Fair Labor Standards Act Amendments, undoubtedly have the best of intentions. In their minds, the march of inflation requires that the minimum wage be increased to keep pace. Sadly, they are wrong.

There is substantial statistical evidence to indicate that each time the Congress raises the minimum wage, unemployment grows more or less proportionately. The reason for this is simple, and should be obvious to all. In forcing up the required wage for those on the lower end of the economic ladder, those who are employed in "marginal" jobs, this body is pricing them out of the market. Employers who would continue to employ a janitor, for example, at $1.60 an hour, may have to let him go if they must pay him $2 an hour. A student in high school whose skills are as yet undeveloped, may be given a job doing unskilled work at $1.60 an hour, but might not be productive enough to be given a job if the minimum is set at $2 an hour.

This bill will have no effect at all on the Nation's skilled labor force. Construction workers making $8 or $10 an hour or more will receive no benefit from an increase in the minimum wage to $2 or $2.30. Those who will be affected are those holding marginal jobs, and in all too many cases the effect will simply be the loss of those jobs.

At the very least, this bill should contain a "youth differential," a provision which establishes a somewhat lower minimum wage for those under the age of 18, or 20, in recognition of the fact that they are generally unskilled and could not be profitably hired by an employer at a higher wage.

Particularly in resort areas, such as Ocean City, but nearly everywhere in Maryland or the rest of the country, teenagers will be looking for full-time or part-time summer employment in a few months. In many cases, they will be trying to earn money to go on to a university or trade school after graduation. By increasing the minimum wage here today, without providing a youth differential, we are simply insuring that a large number of these people will be unable to find work, and will make their task of earning enough to further their education much more difficult.

For low-income workers, especially those who are black, this will mean hardship and welfare dependency, because many in this position are being priced right out of the job market. Many older persons, who often work parttime to supplement their social security incomes, will be similarly affected. In reality, this bill hurts precisely those whom it is supposed to help.

By the provisions affecting the seafood processing industry, this bill will hurt many people in my district in Maryland, where seafood and shellfish are a major industry. Processors will simply be unable to maintain present employment levels, because of the provisions in this bill. Some of the Members of this House may not mind increased unemployment in their districts; they may wish to blame it on something or someone else—but make no mistake—this bill will be a significant cause of unemployment if and when it takes effect.

Mr. Chairman, I must cast my vote against this measure, for the very simple and honest reason that I believe that it will cause unemployment among those who can afford it least.

Mr. RARICK. Mr. Chairman, I rise in opposition to H.R. 12435, the Fair Labor Standards Act Amendments of 1973.

If all the oratory, promises and pledges of the moment could be reduced to an unemotional look at this legislation before us, we would quickly realize that it is nothing more than another tax. I for one, do not believe that the American workers actually want yet another Federal tax added to their already heavy tax burden.

I, too, am in favor of working, productive citizens receiving fair wages for work done; however, the legislation before us far exceeds the desire of many of our colleagues to guarantee a $2.30 an hour minimum wage for unskilled labor.

When politicians legislate private salaries and wage scales, they are not only officiously intermeddling in the free enterprise economy sector, but are in reality passing a new tax which will be borne by all of our people.

There is nothing in existing law that prevents a man or woman from earning $2.30 an hour, or more, depending on his productivity and the success of his employer. But when politicians force a salary raise on the employer, whoever he may be, we know in advance that the employer will no more bear the brunt of the increase than will those politicians who think it is good for votes to spend someone else's money.

The employer who is faced with this increase in minimum wage will treat it simply as another Federal tax and will merely shift it on to the consumer. This legislation will raise all prices across the board and, in the long run, those people whom we are talking about helping will suffer most through higher prices and increased taxes.

The American people are being literally taxed to death and enactment of the legislation before us can only hasten their demise. Such gimmicks as use tax, sales tax, or minimum wage increases no longer fool the people. A tax is a tax, regardless of what it is called, and the only true beneficiary will be government at all levels through increased tax revenues.

The legislation before us wreaks havoc on the retirees, pensioners, disabled, and welfare recipients. We should be trying to hold down the cost of living, thus controlling the inflation which results from dumping more money in the marketplace without a corresponding increase in productivity.

In reality, Mr. Chairman, the legislation before us is antilabor. I do not believe that the average working American will accept this deliberate attempt by the Congress to level the wages of all Americans. The skilled worker and organized laborer should regard this as special interest legislation, adverse to their paycheck.

Finally, Mr. Chairman, I have consistently opposed use of the Congress to legislate labor contracts and establish salary standards. I have never regarded Congress as a proper forum to conduct negotiations on wages and working conditions. That is why I have never supported antistrike legislation.

Rising prices, inflation, and increased taxes must stop somewhere. Passage of a $2.30 minimum wage law will not help

us restore fiscal sanity to any sector of our economy, and no one should blame the private sector. The fault lies here in the Federal Government. It is continued deficit spending that is a prime cause of the inflation which is being used to justify bringing it to the floor.

Mr. Chairman, I repeat—my main opposition to this bill is that it is nothing but another tax on the consumers of our Nation. I will cast my people's vote against this legislation proposing such an inflationary increase in minimum wage.

Mr. MOAKLEY. Mr. Chairman, I rise in support of H.R. 12435, the Fair Labor Standards Amendments. For millions of working Americans, this is the single most important bill which will come before the 93d Congress. Millions of workers who are not covered by the minimum wage laws at the present time will be covered, and millions more, now paid below the standards established by this bill will receive larger paychecks if this bill is passed into law. Some 4,172,000 workers will receive larger paychecks as a result of this bill.

These workers are Federal, State, and local government employees, household workers, retail and service employees and in movie houses across America. Many are employed by large chain businesses which have long avoided paying their employees the minimum wage. In total, this represents 7½ percent of the working population of the United States.

The argument offered by President Nixon when he vetoed the last minimum wage bill passed by this Congress is appalling. We must not accept his argument that an increase in the minimum wage would cause more inflation and that the economy cannot support this. What the economy cannot support are the tax shelters for the wealthy, and for big business. These are the loopholes which Mr. Nixon used to avoid paying thousands of dollars in taxes.

This bill represents a compromise. The original bill contained provisions to allow lower pay for younger employees. The administration argued that this would discriminate against older workers. We, unfortunately, gave in on this issue. But we must not allow the minimum wage to remain at $1.60. As long as it does, there will be no relief for the millions of working poor who can barely support their families.

The graduated increase which this bill provides for is a responsible program. It is one which will bring the minimum wage up to a more acceptable level. I urge my colleagues to vote for this bill. We must make up for the time lost in passing this legislation into law. We must act now.

The CHAIRMAN. Pursuant to the rule, the Clerk will now read the committee amendment in the nature of a substitute printed in the reported bill as an original bill for the purpose of amendment.

The Clerk read as follows:

H.R. 12435

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

SHORT TITLE; REFERENCES TO ACT

SECTION 1. (a) This Act may be cited as the "Fair Labor Standards Amendments of 1974".

(b) Unless otherwise specified, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the section or other provision amended or repealed is a section or other provision of the Fair Labor Standards Act of 1938 (29 U.S.C. 201–219).

INCREASE IN MINIMUM WAGE RATE FOR EMPLOYEES COVERED BEFORE 1966

SEC. 2. Section 6(a)(1) is amended to read as follows:

"(1) not less than $2 an hour during the period ending December 31, 1974, not less than $2.10 an hour during the year beginning January 1, 1975, and not less than $2.30 an hour after December 31, 1975, except as otherwise provided in this section;".

INCREASE IN MINIMUM WAGE RATE FOR NONAGRICULTURAL EMPLOYEES COVERED IN 1966 AND 1973

SEC. 3. Section 6(b) is amended (1) by inserting ", title IX of the Education Amendments of 1972, or the Fair Labor Standards Amendments of 1974" after "1966", and (2) by striking out paragraphs (1) through (5) and inserting in lieu thereof the following:

"(1) not less than $1.90 an hour during the period ending December 31, 1974.

"(2) not less than $2 an hour during the year beginning January 1, 1975.

"(3) not less than $2.20 an hour during the year beginning January 1, 1976, and

"(4) not less than $2.30 an hour after December 31, 1976."

INCREASE IN MINIMUM WAGE RATE FOR AGRICULTURAL EMPLOYEES

SEC. 4. Section 6(a)(5) is amended to read as follows:

"(5) if such employee is employed in agriculture, not less than—

"(A) $1.60 an hour during the period ending December 31, 1974,

"(B) $1.80 an hour during the year beginning January 1, 1975,

"(C) $2 an hour during the year beginning January 1, 1976,

"(D) $2.20 an hour during the year beginning January 1, 1977, and

"(E) $2.30 an hour after December 31, 1977."

INCREASE IN MINIMUM WAGE RATES FOR EMPLOYEES IN PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 5. (a) Section 5 is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section section 6(c), and section 8 shall not apply with respect to the minimum wage rate of any employee employed in Puerto Rico or the Virgin Islands (1) by the United States or by the government of the Virgin Islands, (2) by an establishment which is a hotel, motel, or restaurant, or (3) by any other retail or service establishment which employs such employee primarily in connection with the preparation or offering of food or beverages for human consumption, either on the premises, or by such services as catering, banquet, box lunch, or curb or counter service, to the public, to employees, or to members or guests of members of clubs. The minimum wage rate of such an employee shall be determined under this Act in the same manner as the minimum wage rate for employees employed in a State of the United States is determined under this Act. As used in the preceding sentence, the term 'State' does not include a territory or possession of the United States.

(b) Effective on the date of the enactment of the Fair Labor Standards Amendments of 1974, subsection (c) of section 6 is amended by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

"(2) Except as provided in paragraphs (4) and (5), in the case of any employee who is covered by such a wage order on the date of enactment of the Fair Labor Standards Amendments of 1974 and to whom the rate or rates prescribed by subsection (a) or (b) would otherwise apply, the wage rate applicable to such employee shall be increased as follows:

"(A) Effective on the effective date of the Fair Labor Standards Amendments of 1974, the wage order rate applicable to such employee on the day before such date shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

"(B) Effective on the first day of the second and each subsequent year after such date, the highest wage order rate applicable to such employees on the day before such first day shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

In the case of any employee employed in agriculture who is covered by a wage order issued by the Secretary pursuant to the recommendations of a special industry committee appointed pursuant to section 5, to whom the rate or rates prescribed by subsection (a)(5) would otherwise apply, and whose hourly wage is increased above the wage rate prescribed by such wage order by a subsidy (or income supplement) paid, in whole or in part, by the government of Puerto Rico, the increases prescribed by this paragraph shall be applied to the sum of the wage rate in effect under such wage order and the amount by which the employee's hourly wage rate is increased by the subsidy (or income supplement) above the wage rate in effect under such wage order.

"(3) In the case of any employee employed in Puerto Rico or the Virgin Islands to whom this section is made applicable by the amendments made to this Act by the Fair Labor Standards Amendments of 1974, the Secretary shall, as soon as practicable after the date of enactment of the Fair Labor Standards Amendments of 1974, appoint a special industry committee in accordance witht section 5 to recommend the highest minimum wage rate or rates, which shall be not less than 60 per centum of the otherwise applicable minimum wage rate in effect under subsection (b) or $1 an hour, whichever is greater, to be applicable to such employee in lieu of the rate or rates prescribed by subsection (b). The rate recommended by the special industry committee shall (A) be effective with respect to such employee upon the effective date of the wage order issued pursuant to such recommendation, but not before sixty days after the effective date of the Fair Labor Standards Amendments of 1974, and (B) except in the case of employees of the government of Puerto Rico or any political subdivision thereof, be increased in accordance with paragraph (2)(B).

"(4)(A) Notwithstanding paragraph (2)(A) or (3), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(A) or (3) of this subsection, shall, on the effective date of the wage increase under paragraph (2)(A) or of the wage rate recommended under paragraph (3), as the case may be, be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1, whichever is higher.

"(B) Notwithstanding paragraph (2)(B), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(B), shall, on and after the effective date of the first wage increase under paragraph (2)(B), be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1, whichever is higher.

"(5) If the wage rate of an employee is to be increased under this subsection to a wage rate which equals or is greater than the wage rate under subsection (a) or (b) which, but for paragraph (1) of this sub-

section, would be applicable to such employee, this subsection shall be inapplicable to such employee and the applicable rate under such subsection shall apply to such employee.

"(6) Each minimum wage rate prescribed by or under paragraph (2) or (3) shall be in effect unless such minimum wage rate has been superseded by a wage order (issued by the Secretary pursuant to the recommendation of a special industry committee convened under section (8) fixing a higher minimum wage rate."

(c)(1) The last sentence of section 8(b) is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "except that the committee shall recommend to the Secretary the minimum wage rate prescribed in section 6(a) or 6(b), which would be applicable but for section 6(c), unless there is substantial documentary evidence, including pertinent unabridged profit and loss statements and balance sheets for a representative period of years or in the case of employees of public agencies other appropriate information, in the record which establishes that the industry, or a predominant portion thereof, is unable to pay that wage."

(2) The third sentence of section 10(a) is amended by inserting after "modify" the following: "(including provision for the payment of an appropriate minimum wage rate)"

(d) Section 8 is amended (1) by striking out "the minimum wage prescribed in paragraph (1) of section 6(a) in each such industry" in the first sentence of subsection (a) and inserting in lieu thereof "the minimum wage rate which would apply in each such industry under paragraph (1) or (5) of section 6(a) but for section 6(c)", (2) by striking out "the minimum wage rate prescribed in paragraph (1) of section 6(a)" in the last sentence of subsection (a) and inserting in lieu thereof "the otherwise applicable minimum wage rate in effect under paragraph (1) or (5) of section 6(a)", and (3) by striking out "prescribed in paragraph (1) of section 6(a)" in subsection (c) and inserting in lieu thereof "in effect under paragraph (1) or (5) of section 6(a) (as the case may be)".

FEDERAL AND STATE EMPLOYEES

SEC. 6. (a)(1) Section 3(d) is amended to read as follows:

"(d) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee and includes a public agency, but does not include any labor organization (other than when acting as an employer) or anyone acting in the capacity of officer or agent of such labor organization."

(2) Section 3(e) is amended to read as follows:

"(e)(1) Except as provided in paragraphs (2) and (3), the term 'employee' means any individual employed by an employer.

"(2) In the case of an individual employed by a public agency, such term means—

"(A) any individual employed by the Government of the United States—

"(i) as a civilian in the military departments (as defined in section 102 of title 5, United States Code),

"(ii) in any executive agency (as defined in section 105 of such title),

"(iii) in any unit of the legislative or judicial branch of the Government which has positions in the competitive service,

"(iv) in a nonappropriated fund instrumentality under the jurisdiction of the Armed Forces, or

"(v) in the Library of Congress;

"(B) any individual employed by the United States Postal Service or the Postal Rate Commission; and

"(C) any individual employed by a State, political subdivision of a State, or an interstate governmental agency, other than such an individual—

"(i) who is not subject to the civil service laws of the State, political subdivision, or agency which employs him; and

"(ii) who—

"(I) holds a public elective office of that State, political subdivision, or agency,

"(II) is selected by the holder of such an office to be a member of his personal staff,

"(III) is appointed by such an officeholder to serve on a policymaking level, or

"(IV) who is an immediate adviser to such an officeholder with respect to the constitutional or legal powers of his office.

"(3) For purposes of subsection (u), such term does not include any individual employed by an employer engaged in agriculture if such individual is the parent, spouse, child, or other member of the employer's immediate family."

(3) Section 3(h) is amended to read as follows:

"(h) 'Industry' means a trade, business, industry, or other activity, or branch or group thereof, in which individuals are gainfully employed."

(4) Section 3(r) is amended by inserting "or" at the end of paragraph (2) and by inserting after that paragraph the following new paragraph:

"(3) in connection with the activities of a public agency,".

(5) Section 3(s) is amended—

(A) by striking out in the matter preceding paragraph (1) "including employees handling, selling, or otherwise working on goods" and inserting in lieu thereof "or employees handling, selling, or otherwise working on goods or materials",

(B) by striking out "or" at the end of paragraph (3),

(C) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or",

(D) by adding after paragraph (4) the following new paragraph:

"(5) is an activity of a public agency.", and

(E) by adding after the last sentence the following new sentence: "The employees of an enterprise which is a public agency shall for purposes of this subsection be deemed to be employees engaged in commerce, or in the production of goods for commerce, or employees handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce."

(6) Section 3 is amended by adding after subsection (w) the following:

"(x) 'Public agency' means the Government of the United States; the government of a State or political subdivision thereof; any agency of the United States (including the United States Postal Service and Postal Rate Commission), a State, or a political subdivision of a State; or any interstate governmental agency."

(b) Section 4 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary is authorized to enter into an agreement with the Librarian of Congress with respect to any individual employed in the Library of Congress to provide for the carrying out of the Secretary's functions under this Act with respect to such individuals. Notwithstanding any other provision of this Act, or any other law, the Civil Service Commission is authorized to administer the provisions of this Act with respect to any individual employed by the United States (other than an individual employed in the Library of Congress, United States Postal Service, or Postal Rate Commission). Nothing in this subsection shall be construed to affect the right of an employee to bring an action for unpaid minimum wages, or unpaid overtime compensation, and liquidated damages under section 16(b) of this Act.".

(c) Section 13(b) is amended by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or" and by adding after that paragraph the following new paragraph:

"(20) any employee of a public agency engaged in fire protection or law enforcement activities (including security personnel in correctional institutions); or".

(d)(1) The second sentence of section 16(b) is amended to read as follows: "Action to recover such liability may be maintained against any employer (including a public agency) in any Federal or State court of competent jurisdiction by any one or more employees for and in behalf of himself or themselves and other employees simliarly situated.".

(2)(A) Section 6 of the Portal-to-Portal Pay Act of 1947 is amended by striking out the period at the end of paragraph (c) and by inserting in lieu thereof a semicolon and by adding after such paragraph the following:

"(d) with respect to any cause of action brought under section 16(b) of the Fair Labor Standards Act of 1938 against a State or a political subdivision of a State in a district court of the United States on or before April 18, 1973, the running of the statutory periods of limitation shall be deemed suspended during the period beginning with the commencement of any such action and ending one hundred and eighty days after the effective date of the Fair Labor Standards Amendment of 1974, except that such suspension shall not be applicable if in such action judgment has been entered for the defendant on grounds other than State immunity from Federal jurisdiction."

(B) Section 11 of such Act is amended by striking out "(b)" after "section 16".

DOMESTIC SERVICE WORKERS

SEC. 7. (a) Section 2(a) is amended by inserting at the end the following new sentence: "That Congress further finds that the employment of persons in domestic service in households affects commerce."

(b)(1) Section 6 is amended by adding after subsection (e) the following new subsection:

"(f) Any employee who in any workweek—

"(1) is employed in domestic service in one or more households, and

"(2) is so employed for more than eight hours in the aggregate,

shall be paid wages for such employment in such workweek at a rate not less than the wage rate in effect under section 6(b)."

(2) Section 7 is amended by adding at the end thereof the following new subsection:

"(k) No employer shall employ any employee in domestic service in one or more households for a workweek longer than forty hours unless such employee receives compensation for such employment in accordance with subsection (a)."

(3) Section 13(a) is amended by adding at the end the following new paragraph:

"(15) any employee employed on a casual basis in domestic service employment to provide babysitting services or any employee employed in domestic service employment to provide companionship services for individuals who (because of age or infirmity) are unable to care for themselves (as such terms are defined and delimited by regulations of the Secretary)."

(4) Section 13(b) is amended by adding after the paragraph added by section 6(c) the following new paragraph:

"(21) any employee who is employed in domestic service in a household and who resides in such household; or".

RETAIL AND SERVICE ESTABLISHMENTS

SEC. 8. (a) Effective July 1, 1974, section 13(a)(2) (relating to employees of retail and service establishments) is amended by strik-

ing out "$250,000" and inserting in lieu thereof "$225,000".

(b) Effective July 1, 1975, such section is amended by striking out "$225,000" and inserting in lieu thereof "$200,000".

(c) Effective July 1, 1976, such section is amended by striking out "or such establishment has an annual dollar volume of sales which is less than $200,000 (exclusive of excise taxes at the retail level which are separately stated)".

TOBACCO EMPLOYEES

SEC. 9. (a) Section 7 is amended by adding after the subsection added by section 7(b)(2) of this Act the following:

"(1) For a period or periods of not more than fourteen workweeks in the aggregate in any calendar year, any employer may employ any employee for a workweek in excess of that specified in subsection (a) without paying the compensation for overtime employment prescribed in such subsection, if such employee—

"(1) is employed by such employer—

"(A) to provide services (including stripping and grading) necessary and incidental to the sale at auction of green leaf tobacco of type 11, 12, 13, 14, 21, 22, 23, 24, 31, 36, or 37 (as such types are defined by the Secretary of Agriculture), or in auction sale, buying, handling, stemming, redrying, packing, and storing of such tobacco,

"(B) in auction sale, buying, handling, sorting, grading, packing, or storing green leaf tobacco of type 32 (as such type is defined by the Secretary of Agriculture) or

"(C) in auction sale, buying, handling, stripping, sorting, grading, sizing, packing, or stemming prior to packaging, perishable cigar leaf tobacco of type 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, 55, 61, or 62 (as such types are defined by the Secretary of Agriculture); and

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

An employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section."

(b)(1) Section 13(a)(14) is repealed.

(2) Section 13(b) is amended by adding after the paragraph added by section 7(b)(4) of this Act the following new paragraph:

(22) any agricultural employee employed in the growing and harvesting of shade-grown tobacco who is engaged in the processing (including, but not limited to, drying, curing, fermenting, bulking, rebulking, sorting, grading, aging, and baling) of such tobacco, prior to the stemming process, for use as cigar wrapper tobacco; or".

TELEGRAPH AGENCY EMPLOYEES

SEC. 10. (a) Section 13(a)(11) (relating to telegraph agency emloyees) is repealed.

(b)(1) Section 13(b) is amended by adding after the paragraph added by section 9(b)(2) of this Act the following new paragraph:

(23) any employee or proprietor in a retail or service establishment which qualifies as an exempt retail or service establishment under paragraph (2) of subsection (a) with respect to whom the provisions of sections 6 and 7 would not otherwise apply, who is engaged in handling telegraphic messages for the public under an agency or contract arrangement with a telephone company where the telegraph message revenue of such agency does not exceed $500 a month, and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed or".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(23) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, section 13(b)(23) is repealed.

SEAFOOD CANNING AND PROCESSING EMPLOYEES

SEC. 11. (a) Section 13(b)(4) (relating to fish and seafood processing employees) is amended by inserting "who is" after "employee", and by inserting before the semicolon the following: ", and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(4) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours."

(c) Effective two years after such date, section 13(b)(4) is repealed.

NURSING HOME EMPLOYEES

SEC. 12. (a) Section 13(b)(8) (insofar as it relates to nursing home employees) is amended by striking out "any employee who (A) is employed by an establishment which is an institution (other than a hospital) primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises" and the remainder of that paragraph.

(b) Section 7(j) is amended by inserting after "a hospital" the following: "or an establishment which is an institution primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises".

HOTEL, MOTEL, AND RESTAURANT EMPLOYEES AND TIPPED EMPLOYEES

SEC. 13. (a) Section 13(b)(8) (insofar as it relates to hotel, motel, and restaurant employees) (as amended by section 12) is amended (1) by striking out "any employee" and inserting in lieu thereof "(A) any employee (other than an employee of a hotel or motel who performs maid or custodial services) who is", (2) by inserting before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any work-week at a rate not less than one and one-half times the regular rate at which he is employed", and (3) by adding after such section the following:

"(B) any employee of a hotel or motel who performs maid or custodial services and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, subparagraphs (A) and (B) of section 13(b)(8) are each amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-six hours".

(c) Effective two years after such date, subparagraph (B) of section 13(b)(8) is amended by striking out "forty-six hours" and inserting in lieu thereof "forty-four hours".

(d) Effective three years after such date, subparagraph (B) of section 13(b)(8) is repealed and such section is amended by striking out "(A)".

(e) The last sentence of section 3(m) is amended to read as follows: "In determining the wage of a tipped employee, the amount paid such employee by his employer shall be deemed to be increased on account of tips by an amount determined by the employer, but not by an amount in excess of 50 per centum of the applicable minimum wage rate, except that the amount of the increase on account of tips determined by the employer may not exceed the value of tips actually received by the employee. The previous sentence shall not apply with respect to any tipped employee unless (1) such employee has been informed by the employer of the provisions of this subsection, and (2) all tips received by such employee have been retained by the employee, except that this subsection shall not be construed to prohibit the pooling of tips among employees who customarily and regularly receive tips."

SALESMEN, PARTSMEN, AND MECHANICS

SEC. 14. Section 13(b)(10) (relating to salesmen, partsmen, and mechanics) is amended to read as follows:

"(10)(A) any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles, trucks, or farm implements, if he is employed by a non-manufacturing establishment primarily engaged in the business of selling such vehicles or implements to ultimate purchasers; or

"(B) any salesman primarily engaged in selling trailers, boats, or aircraft employed by a nonmanufacturing establishment primarily engaged in the business of selling trailers, boats, or aircraft to ultimate purchasers; or".

FOOD SERVICE ESTABLISHMENT EMPLOYEES

SEC. 15. (a) Section 13(b)(18) (relating to food service and catering employees) is amended by inserting immediately before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(c) Effective two years after such date, such section is repealed.

BOWLING EMPLOYEES

SEC. 16. (a) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(19) (relating to employees of bowling establishments) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(b) Effective two years after such date, such section is repealed.

SUBSTITUTE PARENTS FOR INSTITUTIONALIZED CHILDREN

SEC. 17. Section 13(b) is amended by inserting after the paragraph added by section 10(b)(1) of this Act the following new paragraph:

(24) any employee who is employed with his spouse by a nonprofit educational institution to serve as the parents of children—

"(A) who are orphans or one of whose natural parents is deceased, and

"(B) who are enrolled in such institution and reside in residential facilities of the institution, while such children are in residence at such institution, if such employee and his spouse reside in such facilities, receive, without cost, board and lodging from such institution, and are together compensated, on a cash basis, at an annual rate of not less than $10,000; or".

EMPLOYEES OF CONGLOMERATES

SEC. 18. Section 13 is amended by adding at the end thereof the following:

"(g) The exemption from section 6 provided by paragraphs (2) and (6) of subsection (a) of this section shall not apply with respect to any employee employed by an establishment (1) which controls, is controlled by, or is under common control with, another establishment the activities of which are not related for a common business purpose to, but materially support, the activities of the establishment employing such employee; and (2) whose annual gross volume of sales made or business done, when combined with the

annual gross volume of sales made or business done by each establishment which controls, is controlled by, or is under common control with, the establishment employing such employee, exceeds $10,000,000 (exclusive of excise taxes at the retail level which are separately stated), except that the exemption from section 6 provided by paragraph (2) of subsection (a) of this section shall apply with respect to any establishment described in this subsection which has an annual dollar volume of sales which would permit it to qualify for the exemption provided in paragraph (2) of subsection (a) if it were in an enterprise described in section 3(s)."

SEASONAL INDUSTRY EMPLOYEES

SEC. 19. (a) Sections 7(c) and 7 (d) are each amended—

(1) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks", and

(2) by striking out "fourteen workweeks" and inserting in lieu thereof "ten workweeks".

(b) Section 7(c) is amended by striking out "fifty hours" and inserting in lieu thereof "forty-eight hours".

(c) Effective January 1, 1975, sections 7(c) and 7(d) are each amended—

(1) by striking out "seven workweeks" and inserting in lieu thereof 'five workweeks", and

(2) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks".

(d) Effective January 1, 1976, sections 7(c) and 7(d) are each amended—

(1) by striking out "five workweeks" and inserting in lieu thereof "three workweeks", and

(2) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks".

(e) Effective December 31, 1976, sections 7(c) and 7(d) are repealed.

COTTON GINNING AND SUGAR PROCESSING EMPLOYEES

SEC. 20. (a) Section 13(b)(15) is amended to read as follows:

"(15) any employee engaged in the processing of maple sap into sugar (other than refined sugar) or sirup; or".

(b)(1) Section 13(b) is amended by adding after paragraph (24) the following new paragraph:

"(25) any employee who is engaged in ginning of cotton for market in any place of employment located in a county where cotton is grown in commercial quantities and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(25) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(25) is amended—

(A) by striking out "sixty-six" in subparagraph (A) and inserting in lieu thereof "sixty";

(B) by striking out "sixty" in subparagraph (B) and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" in subparagraph (E) and inserting in lieu thereof "forty".

(c)(1) Section 13(b) is amended by adding after paragraph (25) the following new paragraph:

"(26) any employee who is engaged in the processing of sugar beets, sugar beet molasses, or sugar cane into sugar (other than refined sugar) or syrup and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(26) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(26) is amended—

(A) by striking out "sixty-six" in subparagraph (A) and inserting in lieu thereof "sixty";

(B) by striking out "sixty" in subparagraph (B) and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" in subparagraph (E) and inserting in lieu thereof "forty".

LOCAL TRANSIT EMPLOYEES

SEC. 21. (a) Section 7 is amended by adding after the subsection added by section 9(a) of this Act the following new subsection:

"(m) In the case of an employee of an employer engaged in the business of operating a street, surburban or interurban electric railway, or local trolley or motorbus carrier (regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), in determining the hours of employment of such an employee to which the rate prescribed by subsection (a) applies there shall be excluded the hours such employee was employed in charter activities by such employer if (1) the employee's employment in such activities was pursuant to an agreement or understanding with his employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employee's regular employment."

(b)(1) Section 13(b)(7) (relating to employees of street, suburban or interurban electric railways, or local trolley or motorbus carriers) is amended by striking out ", if the rates and services of such railway or carrier are subject to regulation by a State or local agency" and inserting in lieu thereof the following: "(regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), if such employee receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, such section is repealed.

COTTON AND SUGAR SERVICE EMPLOYEES

SEC. 22. Section 13 is amended by adding after the subsection added by section 18 the following:

"(h) The provisions of section 7 shall not apply for a period or periods of not more than fourteen workweeks in the aggregate in any calendar year to any employee who—

"(1) is employed by such employer—

"(A) exclusively to provide services necessary and incidental to the ginning of cotton in an establishment primarily engaged in the ginning of cotton;

"(B) exclusively to provide services necessary and incidental to the receiving, handling and storing of raw cotton and the compressing of raw cotton when performed at a cotton warehouse or compress-warehouse facility, other than one operated in conjunction with a cotton mill, primarly engaged in storing and compressing;

"(C) exclusively to provide services necessary and incidential to the receiving, handling storing, and processing of cottonseed in an establishment primarily engaged in the receiving, handling, storing and processing of cottonseed; or

"(D) exclusively to provide services necessary and incidental to the processing of sugar cane or sugar beets in an establishment primarily engaged in the processing of sugarcane or sugar beets; and

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

Any employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section or section 7."

OTHER EXEMPTIONS

SEC. 23. (a)(1) Section 13(a)(9) (relating to motion picture theater employees) is repealed.

(2) Section 13(b) is amended by adding after paragraph (26) the following new paragraph:

(27) any employee employed by an establishment which is a motion picture theater; or".

(b)(1) Section 13(a)(13) (relating to small logging crews) is repealed.

(2) Section 13(b) is amended by adding after paragraph (27) the following new paragraph:

"(28) any employee employed in planting or tending trees, cruising, surveying, or felling timber, or in preparing or transporting logs or other forestry products to the mill, processing plant, railroad, or other transportation terminal, if the number of employees employed by his employer in such forestry or lumbering operations does not exceed eight."

(c) Section 13(b)(2) (insofar as it relates

to pipeline employees) is amended by inserting after "employer" the following: "engaged in the operation of a common carrier by rail and".

EMPLOYMENT OF STUDENTS

SEC. 24. (a) Section 14 is amended by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"SEC. 14. (a) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulations or by orders provide for the employment of learners, of apprentices, and messengers employed primarily in delivering letters and messages, under special certificates issued pursuant to regulations of the Secretary, at such wages lower than the minimum wage applicable under section 6 and subject to such limitations as to time, number, proportion, and length of service as the Secretary shall prescribe.

"(b)(1) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in retail or service establishments.

"(2) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the wage rate in effect under section 6(a)(5) or not less than $1.30 an hour, whichever is the higher (or, in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in any occupation in agriculture.

"(3) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment by an institution of higher education, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) who are enrolled in such institution. The Secretary shall by regulation prescribe standards and requirements to insure that this paragraph will not create a substantial probability of reducing the full-time employment opportunities of persons other than those to whom the minimum wage rate authorized by this paragraph is applicable.

"(4)(A) A special certificate issued under paragraph (1), (2), or (3) shall provide that the student or students for whom it is issued shall, except during vacation periods, be employed on a part-time basis and not in excess of twenty hours in any workweek.

"(B) If the issuance of a special certificate under paragraph (1) or (2) for an employer will cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may not issue such a special certificate for the employment of a student by such employer unless the Secretary finds employment of such student will not create a substantial probability of reducing the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. If the issuance of a special certificate under paragraph (1) or (2) for an employer will not cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may issue a special certificate under paragraph (1) or (2) for the employment of a student by such employer if such employer certifies to the Secretary that the employment of such student will not reduce the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. The requirement of this subparagraph shall not apply in the case of the issuance of special certificates under paragraph (3) for the employment of full-time students by institutions of higher education; except that if the Secretary determines that an institution of higher education is employing students under certificates issued under paragraph (3) but in violation of the requirements of that paragraph or of regulations issued thereunder, the requirements of this subparagraph shall apply with respect to the issuance of special certificates under paragraph (3) for the employment of students by such institution.

"(C) No special certificate may be issued under this subsection unless the employer for whom the certificate is to be issued provides evidence satisfactory to the Secretary of the student status of the employees to be employed under such special certificate."

(b) Section 14 is further amended by redesignating subsection (d) as subsection (c) and by adding at the end the following new subsection:

"(d) The Secretary may by regulation or order provide that sections 6 and 7 shall not apply with respect to the employment by any elementary or secondary school of its students if such employment constitutes, as determined under regulations prescribed by the Secretary, an integral part of the regular education program provided by such school and such employment is in accordance with applicable child labor laws."

(c) Section 4(d) is amended by adding at the end thereof the following new sentence: "Such report shall also include a summary of the special certificates issued under section 14(b)."

CHILD LABOR

SEC. 25. (a) Section 12 (relating to child labor) is amended by adding at the end thereof the following new subsection:

"(d) In order to carry out the objectives of this section, the Secretary may by regulation require employers to obtain from any employee proof of age."

(b) Section 13(c)(1) (relating to child labor in agriculture) is amended to read as follows:

"(c)(1) Except as provided in paragraph (2), the provisions of section 12 relating to child labor shall not apply to any employee employed in agriculture outside of school hours for the school district where such employee is living while he is so employed, if such employee—

"(A) is less than twelve years of age and (i) is employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person, or (ii) is employed, with the consent of his parent or person standing in the place of his parent, on a farm, none of the employees of which are (because of section 13(a)(6)(A)) required to be paid at the wage rate prescribed by section 6(a)(5),

"(B) is twelve years or thirteen years of age and (i) such employment is with the consent of his parent or person standing in the place of his parent, or (ii) his parent or such person is employed on the same farm as such employee, or

"(C) is fourteen years of age or older."

(c) Section 16 is amended by adding at the end thereof the following new subsection:

"(e) Any person who violates the provisions of section 12, relating to child labor, or any regulation issued under that section, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

"(1) deducted from any sums owing by the United States to the person charged;

"(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction, in which litigation the Secretary shall be represented by the Solicitor of Labor; or

"(3) ordered by the court, in an action brought for a violation of section 15(a)(4), to be paid to the Secretary.

Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within fifteen days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5, United States Code, and regulations to be promulgated by the Secretary. Sums collected as penalties pursuant to this section shall be applied toward reimbursement of the costs of determining the violations and assessing and collecting such penalties, in accordance with the provisions of section 2 of an Act entitled 'An Act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes' (29 U.S.C. 9a)."

SUITS BY SECRETARY FOR BACK WAGES

SEC. 26. The first three sentences of section 16(c) are amended to read as follows: "The Secretary is authorized to supervise the payment of the unpaid minimum wages or the unpaid overtime compensation owing to an employee or employees under section 6 or 7 of this Act, and the agreement of any employee to accept such payment shall upon payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid minimum wages or unpaid overtime compensation and an additional equal amount as liquidated damages. The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid minimum wages or overtime compensation and an equal amount as liquidated damages. The right, provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid minium wages or unpaid overtime compensation under sections 6 and 7 or liquidated or other damages provided by this subsection owing to such employee by an employer liable under the provision of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary."

ECONOMIC EFFECTS STUDIES

SEC. 27. Section 4(d) is amended by—

(1) inserting "(1)" immediately after "(d)";

(2) inserting in the second sentence after "minimum wages" the following: "and overtime coverage"; and

(3) by adding at the end thereof the following new paragraph:

"(i) The Secretary shall conduct studies on the justification or lack thereof for each of the special exemptions set forth in section 13 of this Act, and the extent to which such exemptions apply to employees of establishments described in subsection (g) of such section and the economic effects of the application of such exemptions to such employees. The Secretary shall submit a report of his findings and recommendations to the Congress with respect to the studies conducted under this paragraph not later than January 1, 1976."

NONDISCRIMINATION ON ACCOUNT OF AGE IN GOVERNMENT EMPLOYMENT

SEC. 28. (a) (1) The first sentence of section 11(b) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 630(b)) is amended by striking out "twenty-five" and inserting in lieu thereof "twenty".

(2) The second sentence of section 11(b) of such Act is amended to read as follows: "The term also means (1) any agent of such person, and (2) a State or political subdivision of a State and any agency or instrumentality of a State or a political subdivision of a State, and any interstate agency, but such term does not include the United States, or a corporation wholly owned by the Government of the United States.".

(3) Section 11(c) of such Act is amended by striking out ", or an agency of a State or political subdivision of a State, except that such term shall include the United States Employment Service and the system of State and local employment services receiving Federal assistance".

(4) Section 11(f) of such Act is amended to read as follows:

"(f) The term 'employee' means an individual employed by any employer except that the term 'employee' shall not include any person elected to public office in any State or political subdivision of any State by the qualified voters thereof, or any person chosen by such officer to be on such officer's personal staff, or an appointee on the policy making level or an immediate adviser with respect to the exercise of the constitutional or legal powers of the office. The exemption set forth in the preceding sentence shall not include employers subject to the civil service laws of a State government, governmental agency, or political subdivision.".

(5) Section 16 of such Act is amended by striking out "$3,000,000" and inserting in lieu thereof "$5,000,000".

(b) (1) The Age Discrimination in Employment Act of 1967 is amended by redesignating sections 15 and 16, and all references thereto, as section 16 and section 17, respectively.

(2) The Age Discrimination in Employment Act of 1967 is further amended by adding immediately after section 14 the following new section:

"NONDISCRIMINATION ON ACCOUNT OF AGE IN FEDERAL GOVERNMENT EMPLOYMENT

"SEC. 15. (a) All personnel actions affecting employees or applicants for employment (except with regard to aliens employed outside the limits of the United States) in military departments as defined in section 102 of title 5, United States Code, in executive agencies as defined in section 105 of title 5, United States Code (including employees and applicants for employment who are paid from nonappropriated funds), in the United States Postal Service and the Postal Rate Commission, in those units in the government of the District of Columbia having positions in the competitive service, and in those units of the legislative and judicial branches of the Federal Government having positions in the competitive service, and in the Library of Congress shall be made free from any discrimination based on age.

"(b) Except as otherwise provided in this subsection, the Civil Service Commission is authorized to enforce the provisions of subsection (a) through appropriate remedies, including reinstatement or hiring of employees with or without backpay, as will effectuate the policies of this section. The Civil Service Commission shall issue such rules, regulations, orders, and instructions as it deems necessary and appropriate to carry out its responsibilities under this section. The Civil Service Commission shall—

"(1) be responsible for the review and evaluation of the operation of all agency programs designed to carry out the policy of this section, periodically obtaining and publishing (on at least a semiannual basis) progress reports from each department, agency, or unit referred to in subsection (a);

"(2) consult with and solicit the recommendations of interested individuals, groups, and organizations relating to nondiscrimination in employment on account of age; and

"(3) provide for the acceptance and processing of complaints of discrimination in Federal employment on account of age.

The head of each such department, agency, or unit shall comply with such rules, regulations, orders, and instructions of the Civil Service Commission which shall include a provision that an employee or applicant for employment shall be notified of any final action taken on any complaint of discrimination filed by him thereunder. Reasonable exemptions to the provisions of this section may be established by the Commission but only when the Commission has established a maximum age requirement on the basis of a determination that age is a bona fide occupational qualification necessary to the performance of the duties of the position. With respect to employment in the Library of Congress, authorities granted in this subsection to the Civil Service Commission shall be exercised by the Librarian of Congress.

"(c) Any persons aggrieved may bring a civil action in any Federal district court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of this Act.

"(d) When the individual has not filed a complaint concerning age discrimination with the Commission, no civil action may be commenced by any individual under this section until the individual has given the Commission not less than thirty days' notice of an intent to file such action. Such notice shall be filed within one hundred and eighty days after the alleged unlawful practice occurred. Upon receiving a notice of intent to sue, the Commission shall promptly notify all persons named therein as prospective defendants in the action and take any appropriate action to assure the elimination of any unlawful practice.

"(e) Nothing contained in this section shall relieve any Government agency or official of the responsibility to assure nondiscrimination on account of age in employment as required under any provision of Federal law.".

EFFECTIVE DATE

SEC. 29. (a) Except as otherwise specifically provided, the amendments made by this Act shall take effect on the first day of the second full month which begins after the date of the enactment of this Act.

(b) Notwithstanding subsection (a), on and after the date of the enactment of this Act the Secretary of Labor is authorized to prescribe necessary rules, regulations, and orders with regard to the amendments made by this Act.

Mr. DENT (during the reading). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with, that it be printed in the RECORD, and open to amendment at any point.

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

There was no objection.

AMENDMENT OFFERED BY MR. ICHORD

Mr. ICHORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ICHORD: Page 65, line 12, strike out "1974" and insert in lieu thereof "1975".

Page 65, line 16, strike out "1975" and insert in lieu thereof "1976".

Page 65, line 19, strike out "1976" and insert in lieu thereof "1977".

Mr. ICHORD. Mr. Chairman, several years ago I was present at the initial meeting of two of my colleagues.

One had been here for a number of years and the other had just arrived. I performed the niceties of introducing the two. The older Member asked the newer Member: "What is your business?" The newer Member did not quite understand what was meant and said: "I am on the Post Office and Civil Service Committee." Then the older Member clarified his question and said: "I mean out in the real world what did you do?" The reply was made about what his occupation was.

The longer I stay around this body the more I am inclined to ask the question: What did you do out in the real world?

I am inclined to ask the same question when I see this body proceeding without logic and without commonsense as I see this body doing when it attempts to eliminate the small store exemption. If it made sense in 1960 to have the exemption and if it made sense in 1965 to retain the exemption, the retention of the exemption today makes more sense than it did in 1960, because the exemption of $250,000 today is the equivalent of an exemption of only $157,000 in 1960 dollars. The 1974 dollar today is worth only 63 cents.

Mr. Chairman, my amendment will not change the aims or the purposes of the committee bill. It will not change its extension of coverage. All it does is to provide adjustment time for those small establishment stores doing less than $250,000 a year which are a part of a company called an enterprise that altogether does more than $250,000 a year.

I am cognizant of the fact that it has been the announced intention of the leadership, the managers of this bill on both sides to eliminate all or most of the exemption contained in section 13(a). I would point out again, however, that my amendment does not stop or basically change the committee proposal to eliminate the exemption. It only provides adjustment time for those businesses which are affected.

Instead of the exemption being reduced to $225,000 on July 1, 1974, that would be reduced to $225,000 on July 1, 1975. Instead of being further reduced to $200,000 on July 1, 1975, it would extend that to July 1, 1976, and then

on July 1, 1977, phase out and eliminate the exemption altogether.

I would state to the gentleman from California that I think we should get a clear picture of the establishments for which this exemption is very vital. The exemption does not apply to foodstores. Foodstores average well over a millon dollars volume. The exemption does not apply to major chains like Sears, Penney, Woolworth, Ward, and Grant. It does not apply to the large department stores. It is an exemption for small stores in small communities operated by a very modest size company.

I would point out to the gentleman from California and the gentleman from Minnesota that in 1960 when John Kennedy was the manager of the minimum wage legislation he accepted this exemption because he saw that there was a need.

In 1963 when Congressman James Roosevelt questioned the exemption, after further study he did grant the exemption.

My good friend, the distinguished gentleman from Pennsylvania (Mr. DENT) has in the past also accepted the exemption.

I would hope that the committee would reconsider and accept this amendment which I offer.

Mr. Chairman, I yield back the balance of my time.

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

The committee over the last 5 years has weighed the very point that was raised by the gentleman from Missouri. Perhaps some refreshing of our memories would be in order. In the House-passed minimum wage bill, we had in that bill a provision that extended immediate minimum wage coverage and time and a half after 40 hours to conglomerates and all their operations, including their chainstore operations.

The Senate version eliminated virtually upon enactment the previously existing wage and overtime exemption for chainstores.

Now, the proposal before us today is identical to that which was agreed upon in conference, except for a delay in time, because time has passed since we last acted and the President vetoed the previous wage bill.

This proposal does not in any way disturb the current exemption for the small individual retail establishment.

It does not disturb that in any way. It does incorporate the House-Senate conference committee's agreement, which I might note if we were to deal with this in somewhat more simplistic terms, gave the chainstore owners a better break overall than either the House-passed version or the Senate-passed version last year.

Now, there is some date differential in the House and Senate bills.

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

Mr. BURTON. I yield to the gentleman.

Mr. ICHORD. What is the date contained in the Senate bill? The date contained in this bill beginning the phase-out is July 1, 1974. All I am asking is an extension to July 1, 1975. The purpose of this is to give the small store a chance to cancel their leases or to sell their business to some independent operator.

Mr. BURTON. Those in the chainstore business have had at least several months notice. To be immediately responsive, the Senate bill delay has a different 6-month effective date than does the legislation we have. Obviously, that would be a conferenceable matter, as is right and proper.

Mr. ICHORD. When does the gentleman expect this bill to be signed into law by the President? I am sure he does not expect it to be vetoed.

Mr. BURTON. I would expect, if it is signed, or if it is not signed, becoming law by virtue of a veto override—which we have no evidence is likely at this point. I expect the law would be effective either the 1st of May or the 1st of June. That would depend essentially, on the time frame within which the Executive decides when, if it is to be signed, it will be signed.

Mr. ICHORD. Then if we retain the July 1, 1974, date, we would only give the store owner 1 month from June 1 through July 1 to cancel his lease or to sell the business.

Mr. BURTON. No, no. As I stated earlier, the provision in this bill was much more favorable to the chain store owners than the provision in either House version of last year. It was one reason why we had no difficulty in constructing this year's package, because the large chain store owners as a result of last year's conference got a better break than the overwhelming majority of them got in the House version or in the State version before we went to conference last year.

Mr. ICHORD. Mr. Chairman, the gentleman mentions large chain store owners. I am not concerned about large chain store owners at all. I am concerned about Sears, Penney, or Woolworth. They do not use the exemption.

Mr. BURTON. Mr. Chairman, I do not know if they do or not, but I do know that there are no small, independent retailers that are covered by this legislation that are exempt under current law.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. ICHORD).

The question was taken; and on a division (demanded by Mr. BURTON) there were—ayes 31; noes 25.

So the amendment was agreed to.

Mr. HENDERSON. I move to strike the last word.

Mr. Chairman, I would like to inquire of the gentleman from Pennsylvania the intent of the Education and Labor Committee by their language on page 28 of House Report 93–913 regarding the Civil Service Commission responsibilities under the Fair Labor Standards Act. The bill provides that the Civil Service Commission is authorized to administer the provisions insofar as Federal employees are concerned. The language in the report at page 28 seems to be in conflict with the bill.

I assume that the Commission will have the authority to determine who in the Federal work force is covered and how the existing provisions of law on overtime for Federal employees are going to be administered when in conflict with the provisions of the Fair Labor Standards Act.

Mr. DENT. Mr. Chairman, would the gentleman yield to me?

Mr. HENDERSON. Mr. Chairman, I yield to the gentleman from Pennsylvania.

Mr. DENT. Mr. Chairman, the gentleman is absolutely correct, and if there is any conflict in the report as opposed to the understanding the gentleman has given to the situation at this point, I can assure the gentleman that his views are correct.

Mr. HENDERSON. Mr. Chairman, I thank the gentleman for his response to clarify this question and make legislative history.

Mr. Chairman, I commend the gentleman from Pennsylvania and the committee for the action they have taken with regard to the administration of the coverage of Federal employees in this bill, as opposed to the bill that was brought before us last year. For that reason, I think many of us are going to find that we are voting for this bill with a great deal more enthusiasm than we voted for it last year.

Mr. Chairman, I thank the gentleman very much.

AMENDMENT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SNYDER: Page 83, after line 6, insert:

That section 13(d) of the Fair Labor Standards Act of 1938 (29 U.S.C. 213(d) is amended by inserting after "newspapers" the following: "or shopping news (including shopping guides, handbills, or other types of advertising material).

Mr. SNYDER. Mr. Chairman, this is a simple amendment.

Those Members who were present on the floor when I had the colloquy with the gentleman from Illinois (Mr. ERLENBORN) will understand the amendment, I believe, without too much explanation.

Under existing law, a youngster, a teenager, can deliver a newspaper for a newspaper publisher, and that youngster is exempt from the law. In many cases across this country, this is a weekly newspaper.

On the other hand, that same publisher employs those same youngsters on other days of the week to deliver what we call shopping circulars or shopping news, but when they deliver the shopping news, they are not exempt under the law.

This is what my amendment would cover. It takes the same language that is in the social security exemption, where they exempt newspaper boys and those

who deliver shopping news, and puts it into this law as an exemption.

What has happened has been that we have had hundreds of thousands of youngsters across this country who have been put out of business in recent weeks and months because of the interpretation of the law by the Department of Labor. As it now exists, this is an interpretation which is a matter of controversy, I might say, because, recalling my colloquy with the gentleman from Illinois, he thought the Department of Labor was wrong; the gentleman from California indicated a while ago that he thought they were right.

Mr. Chairman, from my own personal experience, I would like to say this to the Members: I represent northern Kentucky, as well as some other areas in Kentucky, but as my district includes that area across the river from Cincinnati commonly referred to as the Greater Cincinnati Area. We have had more than 1,200 youngsters who have lost or will lose the right to make $5 or $10 a day for delivering shopping circular news after school. They pay them not by the hour, but by the piece.

In my hand right here, I am holding a full page ad which I will show the Members. This appeared in a weekly newspaper back home, and it contains the legend: "Should these kids work or run the streets?" And here are the pictures of some of those who were fired, as a result of the injustice and unfairness of covering them by the minimum wage law.

I have a file full of letters here from kids in school. I have testimonials from those who have earned money toward their education, some of them putting away a savings of over $1,000 or $2,000 while they were going through high school.

Mr. Chairman, all I would ask the Members to do is to let these youngsters deliver shopping news circulars on the other days of the week when they are not delivering the weekly newspaper, and give them the same exemption under this law that they have under the social security law.

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

Mr. SNYDER. I yield to the gentleman from Texas.

Mr. MILFORD. Mr. Chairman, I thank the gentleman for yielding.

In different parts of the country we use different terminologies. In my district we have several small free newspapers which are circulated in the various suburban areas. They are directed more toward advertising than they are newspapers, but nonetheless they do carry newspaper copy.

Would the gentleman's amendment also cover the distribution of that type of publication?

Mr. SNYDER. It would, without question.

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

Mr. SNYDER. Mr. Chairman, I ask the Committee for a favorable vote. I understand that the circumstances are such that the leadership on both sides handling this bill are not going to accept the amendment. I ask those Members here to support the kids who want to work and earn a few extra bucks. I thank the Members very much for whatever support they may give the youngsters for this amendment.

Mr. DENT. Mr. Chairman, I rise to oppose this amendment.

I understand the gentleman's problem. I have discussed it with him, but if we accept this amendment we move beyond the existing provisions of this particular act and set aside the child labor provisions. The only reason why you have newspaper boys is simply because by law they are exempt and have been specifically exempt. In many cases the very same boys who deliver the newspapers also deliver the so-called shopping news items. There has been no question ever raised in all the history of the minimum wage law before this complaint came in from the gentleman from Kentucky.

Therefore the committee decided on more than one occasion to oppose the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky (Mr. SNYDER).

The question was taken; and on a division (demanded by Mr. SNYDER) there were—ayes 32, noes 34.

RECORDED VOTE

Mr. SNYDER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 167, noes 236, not voting 29, as follows:

[Roll No. 99]

AYES—167

Abdnor	Dennis	King
Alexander	Derwinski	Kuykendall
Andrews, N.C.	Devine	Lagomarsino
Archer	Dickinson	Landgrebe
Arends	Downing	Latta
Armstrong	Duncan	Long, Md.
Ashbrook	du Pont	Lott
Bafalis	Eshleman	Lujan
Baker	Evans, Colo.	McClory
Bauman	Evins, Tenn.	McCloskey
Beard	Fisher	McCollister
Blackburn	Flowers	McKay
Boggs	Flynt	McKinney
Bowen	Fountain	McSpadden
Bray	Frey	Macdonald
Breaux	Froehlich	Mahon
Brinkley	Goldwater	Mann
Broomfield	Goodling	Martin, Nebr.
Brown, Ohio	Green, Oreg.	Martin, N.C.
Broyhill, N.C.	Gross	Mathis, Ga.
Broyhill, Va.	Gubser	Mayne
Buchanan	Guyer	Milford
Burgener	Haley	Miller
Burleson, Tex.	Hamilton	Mizell
Butler	Hammer-schmidt	Montgomery
Byron	Hanrahan	Moorhead, Calif.
Camp	Harsha	Nichols
Casey, Tex.	Hastings	Owens
Cederberg	Hébert	Parris
Chamberlain	Hinshaw	Passman
Clancy	Holt	Poage
Clausen, Don H.	Hosmer	Powell, Ohio
Clawson, Del	Huber	Price, Tex.
Cochran	Hudnut	Quillen
Collins, Tex.	Hunt	Rarick
Conlan	Hutchinson	Roberts
Crane	Johnson, Pa.	Robinson, Va.
Daniel, Dan	Jones, Okla.	Rogers
Daniel, Robert W., Jr.	Jones, Tenn.	Roncalio, Wyo.
Davis, Wis.	Kastenmeier	Roush
de la Garza	Kazen	Rousselot
	Ketchum	Runnels
Ruth	Stuckey	Wampler
Satterfield	Symington	Ware
Scherle	Symms	White
Schneebeli	Talcott	Whitehurst
Sebelius	Taylor, Mo.	Whitten
Shriver	Teague	Wiggins
Shuster	Thomson, Wis.	Wilson, Bob
Sikes	Thone	Winn
Skubitz	Thornton	Wright
Smith, Iowa	Treen	Young, Ill.
Snyder	Ullman	Young, S.C.
Spence	Vander Jagt	Young, Tex.
Steed	Veysey	Zion
Steiger, Wis.	Waggonner	Zwach

NOES—236

Abzug	Gilman	Patten
Adams	Ginn	Pepper
Addabbo	Gonzalez	Perkins
Anderson, Calif.	Grasso	Pettis
Andrews, N. Dak.	Gray	Peyser
Annunzio	Green, Pa.	Pickle
Aspin	Griffiths	Pike
Badillo	Grover	Podell
Barrett	Gunter	Preyer
Bell	Hanley	Price, Ill.
Bennett	Hansen, Idaho	Pritchard
Bergland	Hansen, Wash.	Quie
Bevill	Harrington	Railsback
Biaggi	Hawkins	Randall
Biester	Hays	Rangel
Bingham	Hechler, W. Va.	Rees
Boland	Heckler, Mass.	Regula
Bolling	Heinz	Riegle
Brademas	Helstoski	Rinaldo
Breckinridge	Henderson	Robison, N.Y.
Brooks	Hicks	Rodino
Brotzman	Hillis	Roe
Brown, Calif.	Holifield	Roncallo, N.Y.
Brown, Mich.	Holtzman	Rooney, Pa.
Burke, Calif.	Horton	Rose
Burke, Mass.	Howard	Rosenthal
Burlison, Mo.	Hungate	Rostenkowski
Burton	Ichord	Roy
Carney, Ohio	Johnson, Calif.	Roybal
Carter	Johnson, Colo.	Ruppe
Chappell	Jones, Ala.	St Germain
Chisholm	Jones, N.C.	Sandman
Clark	Jordan	Sarasin
Clay	Karth	Sarbanes
Cleveland	Kemp	Schroeder
Cohen	Kluczynski	Selberling
Collier	Koch	Shipley
Collins, Ill.	Kyros	Shoup
Conable	Landrum	Sisk
Conte	Leggett	Slack
Conyers	Lehman	Smith, N.Y.
Corman	Lent	Staggers
Cotter	Litton	Stanton, J. William
Coughlin	Long, La.	Stark
Cronin	Luken	Steele
Culver	McCormack	Steelman
Daniels, Dominick V.	McDade	Stephens
Danielson	McEwen	Stokes
Davis, Ga.	McFall	Stratton
Davis, S.C.	Madden	Stubblefield
Delaney	Madigan	Studds
Dellenback	Mallary	Sullivan
Dellums	Maraziti	Taylor, N.C.
Denholm	Matsunaga	Tiernan
Dent	Mazzoli	Towell, Nev.
Diggs	Meeds	Udall
Donohue	Melcher	Van Deerlin
Drinan	Mezvinsky	Vander Veen
Dulski	Michel	Vanik
Eckhardt	Mills	Vigorito
Edwards, Ala.	Minish	Waldie
Edwards, Calif.	Mink	Walsh
Eilberg	Mitchell, Md.	Whalen
Erlenborn	Mitchell, N.Y.	Widnall
Esch	Moakley	Williams
Fascell	Mollohan	Wilson, Charles H., Calif.
Findley	Morgan	Wilson, Charles, Tex.
Fish	Mosher	Wolff
Flood	Moss	Wyatt
Foley	Murphy, Ill.	Wydler
Ford	Murphy, N.Y.	Wylie
Forsythe	Murtha	Wyman
Frenzel	Myers	Yates
Fulton	Natcher	Young, Alaska
Fuqua	Nedzi	Young, Fla.
Gaydos	Nix	Young, Ga.
Gettys	Obey	Zablocki
Giaimo	O'Brien	
	O'Hara	
	O'Neill	

NOT VOTING—29

Anderson, Ill.	Brasco	Dingell
Ashley	Burke, Fla.	Dorn
Blatnik	Carey, N.Y.	Fraser

Frelinghuysen	Minshall, Ohio	Rooney, N.Y.
Gibbons	Moorhead, Pa.	Ryan
Gude	Nelsen	Stanton, James V.
Hanna	Patman	Steiger, Ariz.
Hogan	Reid	Thompson, N.J.
Jarman	Reuss	Yatron
Metcalfe	Rhodes	

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. YOUNG of Illinois. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take this opportunity to address a question to the very able gentleman from Pennsylvania (Mr. DENT). I ask the gentleman from Pennsylvania this question. This bill proposes to include in the coverage of the Fair Labor Standards Act State and local employees. There have been objections raised to this additional coverage by many of the municipal officers in my district. I understand that, based upon the work that the committee has done, it looks as if this act will pass and will add to the coverage of this act the State and local employees.

The question I have for the gentleman from Pennsylvania (Mr. DENT) is on what basis should State and local government employees be included under the policy of the Fair Labor Standards Act, which according to the report states that the Congress finds the existence in industries—industries, I repeat that word—engaged in commerce or in the production of goods for commerce of labor conditions detrimental to the maintenance of the minimum standards of living necessary for health, efficiency and general well being of workers, and then it goes on to list the five circumstances.

The question that I have for the gentleman from Pennsylvania (Mr. DENT) is under what legal interpretation do State and local employees become part of industry and under what conditions would their services affect interstate commerce?

In other words, why would it be appropriate and constitutional under the policy of this act to bring in workers who are employed in State and Federal Government?

Mr. DENT. Some municipal and State employees have been covered since 1966 under the interpretation of the law. I do not think that the gentleman is hinting or suggesting that State and local employees do not engage in commerce.

The purpose of the minimum wage, starting back in 1937, has been to get a universal wage level in the United States. One by one local governments have acceded to coverage. At this point there has been no remonstrance made to me or any member of my committee that was reported to me by any of the State or local governments on the coverage of their employees.

We discussed it in 1966. At that time we had taken such a big bite of coverage that we felt we could not defend our position because of the enormous numbers covered; however, we now are at the point where almost every recognizable group in the United States will be covered by the minimum wage. It does not mean that they are not being paid a minimum wage. I would say in the main that few, if any, municipal employees are not being paid the minimum wage.

Now, in the area of police and firemen, the House bill does not cover overtime for firemen, which is the only bone of contention we have had with municipal governments.

The CHAIRMAN. The time of the gentleman has expired.

(At the request of Mr. YOUNG of Illinois and by unanimous consent, Mr. DENT was allowed to proceed for an additional 2 minutes.)

Mr. DENT. Mr. Chairman, we had no remonstrance on that coverage, at all, except in the case of some policemen and firemen; but we are going to conference where there is a great difference between our coverage and the criteria we set down and that of the Senate.

Mr. YOUNG of Illinois. I would like to ask the gentleman from Pennsylvania one more question; that is, have there been any interpretations by the courts as to the validity of Congress providing for coverage of all State and local employees, in view of the fact that the Federal Government is a Government of limited powers, delegated powers, and the States have all the rights not otherwise given to the Federal Government?

Mr. DENT. Mr. Chairman, I would suggest that the gentleman read page 6 of the report. In the case of Maryland, and others against Wirtz, Secretary of Labor, and others, the Supreme Court considered the contention of appellants—28 States and a school district—who sought to enjoin enforcement of the act as it applies to schools and hospitals operated by the States for their subdivisions. That was for the minimum wage law.

The CHAIRMAN. Are there further amendments? If not, the question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12435) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rates under that act, to expand the coverage of that act, and for other purposes, pursuant to House Resolution 993, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted in the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. BAKER

Mr. BAKER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BAKER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BAKER moves to recommit the bill, H.R. 12435, to the Committee on Education and Labor.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

PARLIAMENTARY INQUIRY

Mr. BURTON. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BURTON. Mr. Speaker, is the Speaker in the process of announcing the passage of the bill?

The SPEAKER. That is correct.

Mr. BURTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 375, nays 37, not voting 20, as follows:

[Roll No. 100]

YEAS—375

Abdnor	Buchanan	Delaney
Abzug	Burgener	Dellenback
Adams	Burke, Calif.	Dellums
Addabbo	Burke, Mass.	Denholm
Alexander	Burlison, Mo.	Dennis
Anderson, Calif.	Burton	Dent
	Butler	Derwinski
Anderson, Ill.	Carney, Ohio	Diggs
Andrews, N.C.	Carter	Dingell
Andrews, N. Dak.	Casey, Tex.	Donohue
	Cederberg	Dorn
Annunzio	Chamberlain	Downing
Arends	Chappell	Drinan
Ashley	Chisholm	Dulski
Aspin	Clancy	Duncan
Badillo	Clark	du Pont
Bafalis	Clausen, Don H.	Eckhardt
Barrett		Edwards, Ala.
Bell	Clay	Edwards, Calif.
Bennett	Cleveland	Eilberg
Bergland	Cochran	Erlenborn
Bevill	Cohen	Esch
Biaggi	Collier	Eshleman
Biester	Collins, Ill.	Evans, Colo.
Bingham	Conable	Evins, Tenn.
Boggs	Conte	Fascell
Boland	Conyers	Findley
Bolling	Corman	Fish
Bowen	Cotter	Flood
Brademas	Coughlin	Flowers
Bray	Cronin	Foley
Breaux	Culver	Ford
Breckinridge	Daniel, Robert W., Jr.	Forsythe
Brinkley		Fountain
Brooks	Daniels, Dominick V.	Frenzel
Broomfield		Frey
Brotzman	Danielson	Froehlich
Brown, Calif.	Davis, Ga.	Fulton
Brown, Mich.	Davis, S.C.	Fuqua
Brown, Ohio	Davis, Wis.	Gaydos
Broyhill, N.C.	de la Garza	Gettys

Giaimo	Mahon	Sarbanes
Gilman	Mallary	Scherle
Ginn	Mann	Schneebeli
Gonzalez	Maraziti	Schroeder
Grasso	Martin, Nebr.	Sebelius
Green, Oreg.	Martin, N.C.	Seiberling
Green, Pa.	Mathias, Calif.	Shipley
Griffiths	Mathis, Ga.	Shoup
Grover	Matsunaga	Shriver
Gubser	Mayne	Shuster
Gunter	Mazzoli	Sikes
Guyer	Meeds	Sisk
Haley	Melcher	Skubitz
Hamilton	Mezvinsky	Slack
Hammer-schmidt	Michel	Smith, Iowa
	Milford	Smith, N.Y.
Hanley	Miller	Snyder
Hanna	Mills	Spence
Hanrahan	Minish	Staggers
Hansen, Idaho	Mink	Stanton,
Hansen, Wash.	Mitchell, Md.	J. William
Harrington	Mitchell, N.Y.	Stanton,
Harsha	Mizell	James V.
Hastings	Moakley	Stark
Hawkins	Mollohan	Steed
Hays	Moorhead,	Steele
Hechler, W. Va.	Calif.	Steelman
Heckler, Mass.	Moorhead, Pa.	Steiger, Wis.
Heinz	Morgan	Stephens
Helstoski	Mosher	Stokes
Henderson	Moss	Stratton
Hicks	Murphy, Ill.	Stubblefield
Hillis	Murphy, N.Y.	Stuckey
Hinshaw	Murtha	Studds
Holifield	Myers	Sullivan
Holt	Natcher	Symington
Holtzman	Nedzi	Talcott
Horton	Nelsen	Taylor, Mo.
Hosmer	Nichols	Taylor, N.C.
Howard	Nix	Thompson, N.J.
Huber	Obey	Thomson, Wis.
Hudnut	O'Brien	Thone
Hungate	O'Hara	Thornton
Hunt	O'Neill	Tiernan
Ichord	Owens	Towell, Nev.
Johnson, Calif.	Parris	Udall
Johnson, Colo.	Passman	Ullman
Johnson, Pa.	Patten	Van Deerlin
Jones, Ala.	Pepper	Vander Jagt
Jones, N.C.	Perkins	Vander Veen
Jones, Okla.	Pettis	Vanik
Jones, Tenn.	Peyser	Veysey
Jordan	Pickle	Vigorito
Karth	Pike	Waggonner
Kastenmeier	Podell	Waldie
Kazen	Preyer	Walsh
Kemp	Price, Ill.	Wampler
Ketchum	Pritchard	Ware
King	Quie	Whalen
Kluczynski	Quillen	White
Koch	Railsback	Whitehurst
Kuykendall	Randall	Whitten
Kyros	Rangel	Widnall
Lagomarsino	Rees	Wiggins
Landrum	Regula	Williams
Latta	Rhodes	Wilson, Bob
Leggett	Riegle	Wilson,
Lehman	Rinaldo	Charles H.,
Lent	Roberts	Calif.
Litton	Robison, N.Y.	Wilson,
Long, La.	Rodino	Charles, Tex.
Long, Md.	Roe	Winn
Lott	Rogers	Wolff
Lujan	Roncalio, Wyo.	Wright
Luken	Roncallo, N.Y.	Wyatt
McClory	Rooney, Pa.	Wydler
McCloskey	Rose	Wylie
McCollister	Rosenthal	Wyman
McCormack	Rostenkowski	Yates
McDade	Roush	Young, Alaska
McEwen	Roy	Young, Fla.
McFall	Roybal	Young, Ga.
McKay	Runnels	Young, Ill.
McKinney	Ruppe	Young, S.C.
McSpadden	Ruth	Young, Tex.
Macdonald	St Germain	Zablocki
Madden	Sandman	Zion
Madigan	Sarasin	Zwach

NAYS—37

Archer	Conlan	Montgomery
Armstrong	Crane	Poage
Ashbrook	Daniel, Dan	Powell, Ohio
Baker	Devine	Price, Tex.
Bauman	Dickinson	Rarick
Beard	Fisher	Robinson, Va.
Blackburn	Flynt	Rousselot
Broyhill, Va.	Goldwater	Satterfield
Burleson, Tex.	Goodling	Symms
Byron	Gross	Teague
Camp	Hébert	Treen
Clawson, Del	Hutchinson	
Collins, Tex.	Landgrebe	

NOT VOTING—20

Blatnik	Gray	Reid
Brasco	Gude	Reuss
Burke, Fla.	Hogan	Rooney, N.Y.
Carey, N.Y.	Jarman	Ryan
Fraser	Metcalfe	Steiger, Ariz.
Frelinghuysen	Minshall, Ohio	Yatron
Gibbons	Patman	

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Blatnik.
Mr. Yatron with Mr. Gray.
Mr. Brasco with Mr. Minshall of Ohio.
Mr. Reid with Mr. Gude.
Mr. Metcalfe with Mr. Patman.
Mr. Carey of New York with Mr. Burke of Florida.
Mr. Fraser with Mr. Steiger of Arizona.
Mr. Reuss with Mr. Frelinghuysen.
Mr. Ryan with Mr. Hogan.
Mr. Gibbons with Mr. Jarman.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. DENT. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor be discharged from the further consideration of the Senate bill (S. 2747), to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes, a bill similar to H.R. 12435, just passed by the House, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2747

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

SHORT TITLE; REFERENCES TO ACT

SECTION 1. (a) This Act may be cited as the "Fair Labor Standards Amendments of 1974".

(b) Unless otherwise specified, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the section or other provision amended or repealed is a section or other provision of the Fair Labor Standards Act of 1938 (29 U.S.C. 201–219).

INCREASE IN MINIMUM WAGE RATE FOR EMPLOYEES COVERED BEFORE 1966

SEC. 2. Section 6(a)(1) is amended to read as follows:

"(1) not less than $2 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974, and not less than $2.20 an hour thereafter, except as otherwise provided in this section;".

INCREASE IN MINIMUM WAGE RATE FOR NONAGRICULTURAL EMPLOYEES COVERED IN 1966 AND 1973

SEC. 3. Section 6(b) is amended (1) by inserting ", title IX of the Education Amendments of 1972, or the Fair Labor Standards Amendments of 1974" after "1966", and (2) by striking out paragraphs (1) through (5) and inserting in lieu thereof the following:

"(1) not less than $1.80 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974,

"(2) not less than $2 an hour during the second year from the effective date of such amendments,

"(3) not less than $2.20 an hour thereafter.".

INCREASE IN MINIMUM WAGE RATE FOR AGRICULTURAL EMPLOYEES

SEC. 4. Section 6(a)(5) is amended to read as follows:

"(5) if such employee is employed in agriculture, not less than—

"(A) $1.60 an hour during the first year from the effective date of the Fair Labor Standards Amendments of 1974,

"(B) $1.80 an hour during the second year from the effective date of such amendments,

"(C) $2 an hour during the third year from the effective date of such amendments,

"(D) $2.20 an hour thereafter.".

INCREASE IN MINIMUM WAGE RATES FOR EMPLOYEES IN PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 5. (a) Section 5 is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section, section 6(c), and section 8 shall not apply with respect to the minimum wage rate of any employee employed in Puerto Rico or the Virgin Islands (1) by the United States or by the government of the Virgin Islands, (2) by an establishment which is a hotel, motel, or restaurant, or (3) by any other retail or service establishment which employs such employee primarily in connection with the preparation or offering of food or beverages for human consumption, either on the premises, or by such services as catering, banquet, box lunch, or curb or counter service, to the public, to employees, or to members or guests of members of clubs. The minimum wage rate of such an employee shall be determined under this Act in the same manner as the minimum wage rate for employees employed in a State of the United States is determined under this Act. As used in the preceding sentence, the term 'State' does not include a territory or possession of the United States.".

(b) Effective on the date of the enactment of the Fair Labor Standards Amendments of 1974, subsection (c) of section 6 is amended by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

"(2) Except as provided in paragraphs (4) and (5), in the case of any employee who is covered by such a wage order on the date of enactment of the Fair Labor Standards Amendments of 1974 and to whom the rate or rates prescribed by subsection (a) or (b) would otherwise apply, the wage rate applicable to such employee shall be increased as follows:

"(A) Effective on the effective date of the Fair Labor Standards Amendments of 1974, the wage order rate applicable to such employee on the day before such date shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

"(B) Effective on the first day of the second and each subsequent year after such date, the highest wage order rate applicable to such employees on the date before such first day shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

In the case of any employee employed in agriculture who is covered by a wage order issued by the Secretary pursuant to the recommendations of a special industry committee appointed pursuant to section 5, to whom the rate or rates prescribed by subsection (a)(5) would otherwise apply, and whose hourly wage is increased above the wage rate prescribed by such wage order by a subsidy (or income supplement) paid, in whole or in part, by the government of Puerto Rico, the increases prescribed by this paragraph shall

be applied to the sum of the wage rate in effect under such wage order and the amount by which the employee's hourly wage rate is increased by the subsidy (or income supplement) above the wage rate in effect under such wage order.

"(3) In the case of any employee employed in Puerto Rico or the Virgin Islands to whom this section is made applicable by the amendments made to this Act by the Fair Labor Standards Amendments of 1974, the Secretary shall, as soon as practicable after the date of enactment of the Fair Labor Standards Amendments of 1974, appoint a special industry committee in accordance with section 5 to recommend the highest minimum wage rate or rates, which shall be not less than 60 per centum of the otherwise applicable minimum wage rate in effect under subsection (b) or $1.00 an hour, whichever is greater, to be applicable to such employee in lieu of the rate or rates prescribed by subsection (b). The rate recommended by the special industry committee shall (A) be effective with respect to such employee upon the effective date of the wage order issued pursuant to such recommendation, but not before sixty days after the effective date of the Fair Labor Standards Amendments of 1974, and (B) except in the case of employees of the government of Puerto Rico or any political subdivision thereof, be increased in accordance with paragraph (2)(B).

"(4)(A) Notwithstanding paragraph (2)(A) or (3), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(A) or (3) of this subsection, shall, on the effective date of the wage increase under paragraph (2)(A) or of the wage rate recommended under paragraph (3), as the case may be, be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1.00, whichever is higher.

"(B) Notwithstanding paragraph (2)(B), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(B), shall, on and after the effective date of the first wage increase under paragraph (2)(B), be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1.00, whichever is higher.

"(5) If the wage rate of an employee is to be increased under this subsection to a wage rate which equals or is greater than the wage rate under subsection (a) or (b) which, but for paragraph (1) of this subsection, would be applicable to such employee, this subsection shall be inapplicable to such employee and the applicable rate under such subsection shall apply to such employee.

"(6) Each minimum wage rate prescribed by or under paragraph (2) or (3) shall be in effect unless such minimum wage rate has been superseded by a wage order (issued by the Secretary pursuant to the recommendation of a special industry committee convened under section 8) fixing a higher minimum wage rate."

(c)(1) The last sentence of section 8(b) is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following: "except that the committee shall recommend to the Secretary the minimum wage rate prescribed in section 6(a) or 6(b), which would be applicable but for section 6(c), unless there is substantial documentary evidence, including pertinent unabridged profit and loss statements and balance sheets for a representative period of years or in the case of employees of public agencies other appropriate information, in the record which establishes that the industry, or a predominant portion thereof, is unable to pay that wage."

(2) The third sentence of section 10(a) is amended by inserting after "modify" the following: "(including provision for the payment of an appropriate minimum wage rate)".

(d) Section 8 is amended (1) by striking out "the minimum wage prescribed in paragraph (1) of section 6(a) in each such industry" in the first sentence of subsection (a) and inserting in lieu thereof "the minimum wage rate which would apply in each such industry under paragraph (1) or (5) of section 6(a) but for section 6(c)", (2) by striking out "the minimum wage rate prescribed in paragraph (1) of section 6(a)" in the last sentence of subsection (a) and inserting in lieu thereof "the otherwise applicable minimum wage rate in effect under paragraph (1) or (5) of section 6(a)", and (3) by striking out "prescribed in paragraph (1) of section 6(a)" in subsection (c) and inserting in lieu thereof "in effect under paragraph (1) or (5) of section 6(a) (as the case may be)".

FEDERAL AND STATE EMPLOYEES

SEC. 6. (a)(1) Section 3(d) is amended to read as follows:

"(d) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee and includes a public agency, but does not include any labor organization (other than when acting as an employer) or anyone acting in the capacity of officer or agent of such labor organization."

(2) Section 3(e) is amended to read as follows:

"(e)(1) Except as provided in paragraphs (2) and (3), the term 'employee' means any individual employed by an employer.

"(2) In the case of an individual employed by a public agency, such term means—

"(A) any individual employed by the Government of the United States—

"(i) as a civilian in the military departments (as defined in section 102 of title 5, United States Code),

"(ii) in any executive agency (as defined in section 105 of such title),

"(iii) in any unit of the legislative or judicial branch of the Government which has positions in the competitive service,

"(iv) in a nonappropriated fund instrumentality under the jurisdiction of the Armed Forces, or

"(v) in the Library of Congress;

"(B) any individual employed by the United States Postal Service or the Postal Rate Commission; and

"(C) any individual employed by a State, political subdivision of a State, or an interstate governmental agency, other than such an individual—

"(i) who is not subject to the civil service laws of the State, political subdivision, or agency which employs him; and

"(ii) who—

"(I) holds a public elective office of that State, political subdivision, or agency,

"(II) is selected by the holder of such an office to be a member of his personal staff,

"(III) is appointed by such an officeholder to serve on a policymaking level, or

"(IV) who is an immediate adviser to such an officeholder with respect to the constitutional or legal powers of his office.

"(3) For purposes of subsection (u), such term does not include any individual employed by an employer engaged in agriculture if such individual is the parent, spouse, child, or other member of the employer's immediate family.".

(3) Section 3(h) is amended to read as follows:

"(h) 'Industry' means a trade, business, industry, or other activity, or branch or group thereof, in which individuals are gainfully employed.".

(4) Section 3(r) is amended by inserting "or" at the end of paragraph (2) and by inserting after that paragraph the following new paragraph:

"(3) in connection with the activities of a public agency,".

(5) Section 3(s) is amended—

(A) by striking out in the matter preceding paragraph (1) "including employees handling, selling, or otherwise working on goods" and inserting in lieu thereof "or employees handling, selling, or otherwise working on goods or materials",

(B) by striking out "or" at the end of paragraph (3),

(C) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or",

(D) by adding after paragraph (4) the following new paragraph:

"(5) is an activity of a public agency.", and

(E) by adding after the last sentence the following new sentence: "The employees of an enterprise which is a public agency shall for purposes of this subsection be deemed to be employees engaged in commerce, or in the production of goods for commerce, or employees handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce.".

(6) Section 3 is amended by adding after subsection (w) the following:

"(x) 'Public agency' means the Government of the United States; the government of a State or political subdivision thereof; any agency of the United States (including the United States Postal Service and Postal Rate Commission), a State, or a political subdivision of a State; or any interstate governmental agency.".

(b) Section 4 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary is authorized to enter into an agreement with the Librarian of Congress with respect to any individual employed in the Library of Congress to provide for the carrying out of the Secretary's functions under this Act with respect to such individuals. Notwithstanding any other provisions of this Act, or any other law, the Civil Service Commission is authorized to administer the provisions of this Act with respect to any individual employed by the United States (other than an individual employed in the Library of Congress, United States Postal Service, Postal Rate Commission, or the Tennessee Valley Authority). Nothing in this subsection shall be construed to affect the right of an employee to bring an action for unpaid minimum wages, or unpaid overtime compensation, and liquidated damages under section 16(b) of this Act.".

(c) Section 7 is amended by adding at the end thereof the following new subsection:

"(k) No public agency shall be deemed to have violated subsection (a) with regard to any employee engaged in fire protection or law enforcement activities (including security personnel in correctional institutions) if, pursuant to an agreement or understanding arrived at between the employer and the employee before performance of the work, a work period of twenty-eight consecutive days is accepted in lieu of the workweek of seven consecutive days for purposes of overtime computation and if the employee receives compensation at a rate not less than one and one-half times the regular rate at which he is employed for his employment in excess of—

(1) one hundred and ninety-two hours in each such twenty-eight day period during the first year from the effective date of the Fair Labor Standards Amendments of 1974;

"(2) one hundred and eighty-four hours in each such twenty-eight day period during the second year from such date;

"(3) one hundred and seventy-six hours in each such twenty-eight day period during the third year from such date;

"(4) one hundred and sixty-eight hours in

each such twenty-eight day period during the fourth year from such date; and

"(5) one hundred and sixty hours in each such twenty-eight day period thereafter.".

(d)(1) The second sentence of section 16(b) is amended to read as follows: "Action to recover such liability may be maintained against any employer (including a public agency) in any Federal or State court of competent jurisdiction by any one or more employees for and in behalf of himself or themselves and other employees similarly situated.".

(2)(A) Section 6 of the Portal-to-Portal Pay Act of 1947 is amended by striking out the period at the end of paragraph (c) and by inserting in lieu thereof a semicolon and by adding after such paragraph the following:

"(d) with respect to any cause of action brought under section 16(b) of the Fair Labor Standards Act of 1938 against a State or a political subdivision of a State in a district court of the United States on or before April 18, 1973, the running of the statutory periods of limitation shall be deemed suspended during the period beginning with the commencement of any such action and ending one hundred and eighty days after the effective date of the Fair Labor Standard Amendments of 1974, except that such suspension shall not be applicable if in such action judgment has been entered for the defendant on the grounds other than State immunity from Federal jurisdiction.".

(B) Section 11 of such Act is amended by striking out "(b)" after "section 16".

DOMESTIC SERVICE WORKERS

SEC. 7. (a) Section 2(a) is amended by inserting at the end the following new sentence: "The Congress further finds that the employment of persons in domestic service in households affects commerce."

(b)(1) Section 6 is amended by adding after subsection (e) the following new subsection:

"(f) Any employee who in any workweek is employed in domestic service in a household shall be paid wages at a rate not less than the wage rate in effect under section 6(b) unless such employee's compensation for such service would not because of section 209(g) of the Social Security Act constitute 'wages', for purposes of title II of such Act."

(2) Section 7 is amended by adding after the subsection added by section 6(c) of this Act the following new subsection:

"(l) Subsection (a)(1) shall apply with respect to any employee who in any workweek is employed in domestic service in a household unless such employee's compensation for such work would not because of section 209(g) of the Social Security Act constitute 'wages', for purposes of title II of such Act."

(3) Section 13(a) is amended by adding at the end the following new paragraph:

"(15) any employee employed on a casual basis in domestic service employment to provide babysitting services or any employee employed in domestic service employment to provide companionship services for individuals who (because of age or infirmity) are unable to care for themselves (as such terms are defined and delimited by regulations of the Secretary)."

(4) Section 13(b) is amended by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or" and by adding after that paragraph the following new paragraph:

"(20) any employee who is employed in domestic service in a household and who resides in such household; or".

RETAIL AND SERVICE ESTABLISHMENTS

SEC. 8. (a) Effective January 1, 1975, section 13(a)(2) (relating to employees of retail and service establishments) is amended by striking out "$250,000" and inserting in lieu thereof "$225,000".

(b) Effective January 1, 1976, such section is amended by striking out "$225,000" and inserting in lieu thereof "$200,000".

(c) Effective January 1, 1977, such section is amended by striking out "or such establishment has an annual dollar volume of sales which is less than $200,000 (exclusive of excise taxes at the retail level which are separately stated)".

TOBACCO EMPLOYEES

SEC. 9. (a) Section 7 is amended by adding after the subsection added by section 7(b)(2) of this Act the following:

"(m) For a period or periods of not more than fourteen workweeks in the aggregate in any calendar year, any employer may employ any employee for a workweek in excess of that specified in subsection (a) without paying the compensation for overtime employment prescribed in such subsection, if such employee—

"(1) is employed by such employer—

"(A) to provide services (including stripping and grading) necessary and incidental to the sale at auction of green leaf tobacco of type 11, 12, 13, 14, 21, 22, 23, 24, 31, 35, 36, or 37 (as such types are defined by the Secretary of Agriculture), or in auction sale, buying, handling, stemming, redrying, packing, and storing of such tobacco,

"(B) in auction sale, buying, handling, sorting, grading, packing, or storing green leaf tobacco of type 32 (as such type is defined by the Secretary of Agriculture), or

"(C) in auction sale, buying, handling, stripping, sorting, grading, sizing, packing, or stemming prior to packing, of perishable cigar leaf tobacco of type 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, 55, 61, or 62 (as such types are defined by the Secretary of Agriculture); and

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

An employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section.".

(b)(1) Section 13(a)(14) is repealed.

(2) Section 13(b) is amended by adding after the paragraph added by section 7(b)(4) of this Act the following new paragraph:

"(21) any agricultural employee employed in the growing and harvesting of shade-grown tobacco who is engaged in the processing (including, but not limited to, drying, curing, fermenting, bulking, rebulking, sorting, grading, aging, and baling) of such tobacco, prior to the stemming process, for use as cigar wrapper tobacco; or".

TELEGRAPH AGENCY EMPLOYEES

SEC. 10. (a) Section 13(a)(11) (relating to telegraph agency employees) is repealed.

(b)(1) Section 13(b) is amended by adding after the paragraph added by section 9(b)(2) of this Act the following new paragraph:

"(22) any employee or proprietor in a retail or service establishment, which qualifies as an exempt retail or service establishment under paragraph (2) of subsection (a) with respect to whom the provisions of sections 6 and 7 would not otherwise apply, engaged in handling telegraphic messages for the public under an agency or contract arrangement with a telegraph company where the telegraph message revenue of such agency does not exceed $500 a month and receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(22) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, section 13(b)(22) is repealed.

SEAFOOD CANNING AND PROCESSING EMPLOYEES

SEC. 11. (a) Section 13(b)(4) (relating to fish and seafood processing employees) is amended by inserting "who is" after "employee", and by inserting before the semicolon the following: ", and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(4) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(c) Effective two years after such date, section 13(b)(4) is repealed.

NURSING HOME EMPLOYEES

SEC. 12. (a) Section 13(b)(8) (insofar as it relates to nursing home employees) is amended by striking out "any employee who (A) is employed by an establishment which is an institution (other than a hospital) primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises" and the remainder of that paragraph.

(b) Section 7(j) is amended by inserting after "a hospital" the following: "or an establishment which is an institution primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises".

HOTEL, MOTEL, AND RESTAURANT EMPLOYEES AND TIPPED EMPLOYEES

SEC. 13. (a) Section 13(b)(8) (insofar as it relates to hotel, motel, and restaurant employees) (as amended by section 12) is amended (1) by striking out "any employee" and inserting in lieu thereof "(A) any employee (other than an employee of a hotel or motel who is employed to perform maid or custodial services) who is," (2) by inserting before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed", and (3) by adding after such section the following:

"(B) any employee who is employed by a hotel or motel to perform maid or custodial services and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, subparagraphs (A) and (B) of section 13(b)(8) are each amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-six hours".

(c) Effective two years after such date, subparagraph (B) of section 13(b)(8) is amended by striking out "forty-six hours" and inserting in lieu thereof "forty-four hours".

(d) Effective three years after such date, subparagraph (B) of section 13(b)(8) is repealed and such section is amended by striking out "(A)".

(e) The last sentence of section 3(m) is amended to read as follows: "In determining the wage of a tipped employee, the amount paid such employee by his employer shall be

deemed to be increased on account of tips by an amount determined by the employer, but not by an amount in excess of 50 per centum of the applicable minimum wage rate, except that the amount of the increase on account of tips determined by the employer may not exceed the value of tips actually received by the employee. The previous sentence shall not apply with respect to any tipped employee unless (1) such employee has been informed by the employer of the provisions of this section, and (2) all tips received by such employee have been retained by the employee, except that nothing herein shall prohibit the pooling of tips among employees who customarily and regularly receive tips.".

SALESMEN, PARTSMEN, AND MECHANICS

SEC. 14. Section 13(b)(10) (relating to salesmen, partsmen, and mechanics) is amended to read as follows:

"(10)(A) any salesman primarily engaged in selling automobiles, trailers, trucks, farm implements, boats, or aircraft if he is employed by a nonmanufacturing establishment primarily engaged in the business of selling such boats or vehicles to ultimate purchasers; or

"(B) any partsman primarily engaged in selling parts for automobiles, trucks, or farm implements and any mechanic primarily engaged in servicing such vehicles, if they are employed by a nonmanufacturing establishment primarily engaged in the business of selling such vehicles to ultimate purchasers; or".

FOOD SERVICE ESTABLISHMENT EMPLOYEES

SEC. 15. (a) Section 13(b)(18) (relating to food service and catering employees) is amended by inserting immediately before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(c) Effective two years after such date, such section is repealed.

BOWLING EMPLOYEES

SEC. 16. (a) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(19) (relating to employees of bowling establishments) is amended by striking out "forty-eight hours and inserting in lieu thereof "forty-four hours".

(b) Effective two years after such date, such section is repealed.

SUBSTITUTE PARENTS FOR INSTITUTIONALIZED CHILDREN

SEC. 17. Section 13(b) is amended by inserting after the paragraph added by section 10(b)(1) of this Act the following new paragraph:

"(23) any employee who is employed with his spouse by a nonprofit education institution to serve as the parents of children—

"(A) who are orphans or one of whose natural parents is deceased, or

"(B) who are enrolled in such institution and reside in residential facilities of the institution, while such children are in residence at such institution,

if such employee and his spouse reside in such facilities, receive, without cost, board and lodging from such institution, and are together compensated, on a cash basis, at an annual rate of not less than $10,000; or".

EMPLOYEES OF CONGLOMERATES

SEC. 18. Section 13 is amended by adding at the end thereof the following:

"(g) The exemption from section 6 provided by paragraphs (2) and (6) of subsection (a) of this section shall not apply with respect to any employee employed by an establishment (1) which ocntrols, is controlled by, or is under common ocntrol with, another establishment the activities of which are not related for a common business purpose to, but materially support, the activities of the establishment employing such employee; and (2) whose annual gross volume of sales made or business done, when combined with the annual gross volume of sales made or business done by each establishment which controls, is controlled by, or is under common control with, the establishment employing such employee, exceeds $10,000,000 (exclusive of excise taxes at the retail level which are separately stated), except that the exemption from section 6 provided by subparagraph (2) of subsection (a) of this section shall apply with respect to any establishment described in this subsection which has an annual dollar volume of sales which would permit it to qualify for the exemption provided in paragraph (2) of subsection (a) if it were in an enterprise described in section 3(s).".

SEASONAL INDUSTRY EMPLOYEES

SEC. 19. (a) Sections 7(c) and 7(d) are each amended—

(1) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks", and

(2) by striking out "fourteen workweeks" and inserting in lieu thereof "ten workweeks".

(b) Section 7(c) is amended by striking out "fifty hours" and inserting in lieu thereof "forty-eight hours".

(c) Effective January 1, 1975, sections 7(c) and 7(d) are each amended—

(1) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks", and

(2) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks".

(d) Effective January 1, 1976, sections 7(c) and 7(d) are each amended—

(1) by striking out "five workweeks" and inserting in lieu thereof "three workweeks", and

(2) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks".

(e) Effective December 31, 1976, sections 7(c) and 7(d) are repealed.

COTTON GINNING AND SUGAR PROCESSING EMPLOYEES

SEC. 20. (a) Section 13(b)(15) is amended to read as follows:

"(15) any employee engaged in the processing of maple sap into sugar (other than refined sugar) or syrup; or".

(b)(1) Section 13(b) is amended by adding after paragraph (23) the following new paragraph:

"(24) any employee who is engaged in ginning of cotton for market in any place of employment located in a county where cotton is grown in commercial quantities and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year.

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(24) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six".

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year; and

(3) Effective January 1, 1976, section 13(b)(24) is amended—

(A) by striking out "sixty-six" and inserting in lieu thereof "sixty";

(B) by striking out "sixty" and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" and inserting in lieu thereof "forty".

(c)(1) Section 13(b) is amended by adding after paragraph (24) the following new paragraph:

"(25) any employee who is engaged in the processing of sugar beets, sugar beet molasses, or sugarcane into sugar (other than refined sugar) or syrup and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(25) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(25) is amended—

(A) by striking out "sixty-six" and inserting in lieu thereof "sixty";

(B) by striking out "sixty" and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" and inserting in lieu thereof "forty".

LOCAL TRANSIT EMPLOYEES

SEC. 21. (a) Section 7 is amended by adding after the subsection added by section 9(a) of this Act the following new subsection:

"(n) In the case of an employee of an employer engaged in the business of operating a street, suburban, or interurban electric railway, or local trolley or motorbus carrier (regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit) in determining the hours of employment of such an employee

to which the rate prescribed by subsection (a) applies there shall be excluded the hours such employee was employed in charter activities by such employer if (1) the employee's employment in such activities was pursuant to an agreement or understanding with his employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employees' regular employment."

(b)(1) Section 13(b)(7) (relating to employees of street, suburban, or interurban electric railways or local trolley or motorbus carriers) is amended by striking out ", if the rates and services of such railway or carrier are subject to regulation by a State or local agency" and inserting in lieu thereof the following: "(regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), if such employee receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, such section is repealed.

COTTON AND SUGAR SERVICES EMPLOYEES

SEC. 22. Section 13 is amended by adding after the subsection added by section 18(a) the following:

"(h) The provisions of section 7 shall not apply for a period or periods of not more than fourteen workweeks in the aggregate in any calendar year to any employee who—

"(1) is employed by such employer—

"(A) exclusively to provide services necessary and incidental to the ginning of cotton in an establishment primarily engaged in the ginning of cotton;

"(B) exclusively to provide services necessary and incidental to the receiving, handling, and storing of raw cotton and the compressing of raw cotton when performed at a cotton warehouse or compress-warehouse facility, other than one operated in conjunction with a cotton mill, primarily engaged in storing and compressing;

"(C) exclusively to provide services necessary and incidental to the receiving, handling, storing, and processing of cottonseed in an establishment primarily engaged in the receiving, handling, storing, and processing of cottonseed; and

"(D) exclusively to provide services necessary and incidental to the processing of sugar cane or sugar beets in an establishment primarily engaged in the processing of sugar cane or sugar beets; and".

"(2) receiver for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and one-half times the regular rate at which he is employed.

Any employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section or section 7.".

OTHER EXEMPTIONS

SEC. 23. (a)(1) Section 13(a)(9) (relating to motion picture theater employees) is repealed.

(2) Section 13(b) is amended by adding after paragraph (25) the following new paragraph:

"(26) any employee employed by an establishment which is a motion picture theater;".

(b)(1) Section 13(a)(13) (relating to small logging crews) is repealed.

(2) Section 13(b) is amended by adding after paragraph (26) the following new paragraph:

"(27) any employee employed in planting or tending trees, cruising, surveying, or felling timber, or in preparing or transporting logs or other forestry products to the mill, processing plant, railroad, or other transportation terminal, if the number of employees employed by his employer in such forestry or lumbering operations does not exceed eight.".

(c) Section 13(b)(2) (insofar as it relates to pipeline employees) is amended by inserting after "employer" the following: "engaged in the operation of a common carrier by rail and".

EMPLOYMENT OF STUDENTS

SEC. 24. (a) Section 14 is amended by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"SEC. 14. (a) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulations or by orders provide for the employment of learners, of apprentices, and of messengers employed primarily in delivering letters and messages, under special certificates issued pursuant to regulations of the Secretary, at such wages lower than the minimum wage applicable under section 6 and subject to such limitation as to time, number, proportion, and length of service as the Secretary shall prescribe.

"(b)(1)(A) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide, in accordance with subparagraph (B), for the employment, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Pureto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in retail service establishments.

"(B) Except as provided in paragraph (4)(B), the proportion of student hours of employment under special certificates issued under subparagraph (A) to the total hours of employment of all employees in any retail or service establishment may not exceed (i) such proportion for the corresponding month of the twelve-month period preceding May 1, 1961, (ii) in the case of a retail or service establishment whose employees (other than employees engaged in commerce or in the production of goods for commerce) are covered by this Act for the first time on or after the effective date of the Fair Labor Standards Amendments of 1966 or the Fair Labor Standards Amendments of 1974, such proportion for the corresponding month of the twelve-month period immediately prior to the applicable effective date, or (iii) in the case of a retail or service establishment coming into existence after May 1, 1961, or a retail or service establishment for which records of student hours worked are not available, a proportion of student hours of employment to total hours of employment of all employees based on the practice during the twelve-month period preceding May 1, 1961, in similar establishments of the same employer in the same general metropolitan area in which the new establishment is located, similar establishments of the same employer in the same or nearby counties of the new establishment is not in a metropolitan area, or other establishments of the same general character opening in the community or the nearest comparable community. For the purposes of the preceding sentence, the term 'student hours of employment' means student hours worked at less than $1.00 an hour, except that such term shall include, in States whose minimum wages were at or above $1.00 an hour in the base year, hours worked by students at the State minimum wage in the base year.

"(2) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the wage rate in effect under section 6(a)(5) or not less than $1.30 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)(3)), of full-time students (regardless of age but in compliance with applicable child labor laws) in any occupation in agriculture.

"(3) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment by an institution of higher education, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) who are enrolled in such institution. The Secretary shall by regulation prescribe standards and requirements to insure that this paragraph will not create a substantial probability of reducing the full-time employment opportunities of persons other than those to whom the minimum wage rate authorized by this paragraph is applicable.

"(4)(A) A special certificate issued under paragraph (1), (2), or (3) shall provide that the student or students for whom it is issued shall, except during vacation periods, be employed on a part-time basis and not in excess of twenty hours in any workweek.

"(B) If the issuance of a special certificate under paragraph (1) or (2) for an employer will cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may not issue such a special certificate for the employment of a student by such employer unless the Secretary finds employment of such student will not create a substantial probability of reducing the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. If the issuance of a special certificate under paragraph (1) or (2) for an employer will not cause the number of students employed by such employer under special certificates issued under this subsection to exceed four—

"(i) the Secretary may issue a special certificate under paragraph (1) or (2) for the employment of a student by such employer if such employer certifies to the Secretary that the employment of such student will not reduce the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection, and

"(ii) in the case of an employer which is a retail or service establishment, subparagraph (B) of paragraph (1) shall not apply with respect to the issuance of special certificates for such employer under such paragraph.

The requirement of this subparagraph shall not apply in the case of the issuance of special certificates under paragraph (3) for the employment of full-time students by institutions of higher education; except that if the Secretary determines that an institution of higher education is employing students under certificates issued under paragraph (3) but in violation of the requirements of that paragraph or of regulations issued thereunder, the requirements of this subparagraph shall apply with respect to the issuance of special certificates under paragraph (3) for the employment of students by such institution.

"(C) No special certificate may be issued under this subsection unless the employer for whom the certificate is to be issued provides evidence satisfactory to the Secretary of the student status of the employees to be employed under such special certificate."

(b) Section 14 is further amended by redesignating subsection (d) as subsection (c) and by adding at the end the following new subsection:

"(d) The Secretary may by regulation or order provide that sections 6 and 7 shall not apply with respect to the employment by any elementary or secondary school of its students if such employment constitutes, as determined under regulations prescribed by the Secretary, an integral part of the regular education program provided by such school and such employment is in accordance with applicable child labor laws."

(c) Section 4(d) is amended by adding at the end thereof the following new sentence: "Such report shall also include a summary of the special certificates issued under section 14(b)."

CHILD LABOR

SEC. 25. (a) Section 12 (relating to child labor) is amended by adding at the end thereof the following new subsection:

"(d) In order to carry out the objectives of this section, the Secretary may by regulation require employers to obtain from any employee proof of age."

(b) Section 13(c)(1) (relating to child labor in agriculture) is amended to read as follows:

"(c)(1) Except as provided in paragraph (2), the provisions of section 12 relating to child labor shall not apply to any employee employed in agriculture outside of school hours for the school district where such employee is living while he is so employed, if such employee—

"(A) is less than twelve years of age and (i) is employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person, or (ii) is employed, with the consent of his parent or person standing in the place of his parent, on a farm, none of the employees of which are (because of section 13(a)(6)(A)) required to be paid at the wage rate prescribed by section 6(a)(5),

"(B) is twelve years or thirteen years of age and (i) such employment is with the consent of his parent or person standing in the place of his parent, or (ii) his parent or such person is employed on the same farm as such employee, or

"(C) is fourteen years of age or older.".

(c) Section 16 is amended by adding at the end thereof the following new subsection:

"(e) Any person who violates the provisions of section 12, relating to child labor, or any regulation issued under that section, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

"(1) deducted from any sums owing by the United States to the person charged;

"(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction, in which litigation the Secretary shall be represented by the Solicitor of Labor; or

"(3) ordered by the court in an action brought under section 15(a)(4), to be paid to the Secretary. Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within fifteen days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5, United States Code, and regulations to be promulgated by the Secretary. Sums collected as penalties pursuant to this section shall be applied toward reimbursement of the costs of determining the violations and assessing and collecting such penalties, in accordance with the provisions of section 2 of an Act entitled 'An Act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes' (29 U.S.C. 9a)."

SUITS BY SECRETARIES FOR BACK WAGES

SEC. 26. The first three sentences of section 16(c) are amended to read as follows: "The Secretary is authorized to supervise the payment of the unpaid minimum wages or the unpaid overtime compensation owing to any employee or employees under section 6 or 7 of this Act, and the agreement of any employee to accept such payment shall upon payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid minimum wages or unpaid overtime compensation and an additional equal amount as liquidated damages. The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid minimum wages or overtime compensation and an equal amount as liquidated damages. The right provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid minimum wages or unpaid overtime compensation under sections 6 and 7 or liquidated or other damages provided by this subsection owing to such employee by an employer liable under the provisions of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary."

ECONOMIC EFFECTS STUDIES

SEC. 27. Section 4(d) is amended by—

(1) inserting "(1)" immediately after "(d)",

(2) inserting in the second sentence after the term "minimum wages" the following: "and overtime coverage"; and

(3) by adding at the end thereof the following new paragraphs:

"(2) The Secretary shall conduct studies on the justification or lack thereof for each of the special exemptions set forth in section 13 of this Act, and the extent to which such exemptions apply to employees of establishment described in subsection (g) of such section and the economic effects of the application of such exemptions to such employees. The Secretary shall submit a report of his findings and recommendations to the Congress with respect to the studies conducted under this paragraph not later than January 1, 1976.

"(3) The Secretary of Labor shall conduct a study on means to prevent curtailment of employment opportunities among manpower groups which have had historically high incidences of unemployment, such as disadvantaged minorities, youth, elderly, and such other groups the Secretary may designate. Such studies shall include suggestions under the authority that the Secretary of Labor has available under section 14 of the Fair Labor Standards Act and shall be transmitted to the Congress one year after the effective date of these amendments and thereafter at two-year intervals after the effective date of these amendments.".

AGE DISCRIMINATION

SEC. 28. (1) the first sentence of section 11(b) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 630(b)) is amended by striking out "twenty-five" and inserting in lieu thereof "twenty".

Nondiscrimination on Account of Age in Government Employment

(2) The second sentence of section 11(b) is amended to read as follows: "The term also means (1) any agent of such a person, and (2) a State or political subdivision of a State and any agency or instrumentality of a State or a political subdivision of a State, and any interstate agency, but such term does not include the United States, or a corporation wholly owned by the Government of the United States.".

(3) Section 11(c) of such Act is amended by striking out ", or an agency of a State or political subdivision of a State, except that such term shall include the United States Employment Service and the system of State and local employment services receiving Federal assistance".

(4) Section 11(f) of such Act is amended to read as follows:

"(f) The term 'employee' means an individual employed by any employer except that the term 'employee' shall not include any person elected to public office in any State or political subdivision of any State by the qualified voters thereof, or any person chosen by such officer to be on such officer's personal staff, or an appointee on the policy-making level or an immediate adviser with respect to the exercise of the constitutional or legal powers of the office. The exemption set forth in the preceding sentence shall not include employees subject to the civil service laws of a State government, governmental agency, or political subdivision."

(5) Section 16 of such Act is amended by striking the figure "$3,000,000", and inserting in lieu thereof "$5,000,000".

(b)(1) The Age Discrimination in Employment Act of 1967 is amended by redesignating sections 15 and 16, and all references thereto, as section 16 and section 17, respectively.

(2) The Age Discrimination in Employment Act of 1967 is further amended by adding immediately after section 14 the following new section:

"NONDISCRIMINATION ON ACCOUNT OF AGE IN FEDERAL GOVERNMENT EMPLOYMENT

"SEC. 15. (a) All personnel actions affecting employees or applicants for employment (except with regard to aliens employed outside the limits of the United States) in military departments as defined in section 102 of title 5, United States Code, in executive agencies as defined in section 105 of title 5, United States Code (including employees and ap-

plicants for employment who are paid from nonappropriated funds), in the United States Postal Service and the Postal Rate Commission, in those units in the government of the District of Columbia having positions in the competitive service, and in those units of the legislative and judicial branches of the Federal Government having positions in the competitive service, and in the Library of Congress shall be made free from any discrimination based on age.

"(b) Except as otherwise provided in this subsection, the Civil Service Commission is authorized to enforce the provisions of subsection (a) through appropriate remedies, including reinstatement or hiring of employees with or without backpay, as will effectuate the policies of this section. The Civil Service Commission shall issue such rules, regulations, orders, and instructions as it deems necessary and appropriate to carry out its responsibilities under this section. The Civil Service Commission shall—

"(1) be responsible for the review and evaluation of the operation of all agency programs designed to carry out the policy of this section, periodically obtaining and publishing (on at least a semiannual basis) progress reports from each such department, agency, or unit;

"(2) consult with and solicit the recommendations of interested individuals, groups, and organizations relating to nondiscrimination in employment on account of age; and

"(3) provide for the acceptance and processing of complaints of discrimination in Federal employment on account of age.

The head of each such department, agency, or unit shall comply with such rules, regulations, orders, and instructions of the Civil Service Commission which shall include a provision that an employee or applicant for employment shall be notified of any final action taken on any complaint of discrimination filed by him thereunder. Reasonable exemptions to the provisions of this section may be established by the Commission but only when the Commission has established a maximum age requirement on the basis of a determination that age is a bona fide occupational qualification necessary to the performance of the duties of the position. With respect to employment in the Library of Congress, authorities granted in this subsection to the Civil Service Commission shall be exercised by the Librarian of Congress.

"(c) Any persons aggrieved may bring a civil action in any Federal district court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of this Act.

"(d) When the individual has not filed a complaint concerning age discrimination with the Commission, no civil action may be commenced by any individual under this section until the individual has given the Commission not less than thirty days' notice of an intent to file such action. Such notice shall be filed within one hundred and eighty days after the alleged unlawful practice occurred. Upon receiving a notice of intent to sue, the Commission shall promptly notify all persons named therein as prospective defendants in the action and take any appropriate action to assure the elimination of any unlawful practice.

"(e) Nothing contained in this section shall relieve any Government agency or official of the responsibility to assure nondiscrimination on account of age in employment as required under any provision of Federal law."

EFFECTIVE DATE

SEC. 29. (a) Except as otherwise specifically provided, the amendments made by this Act shall take effect on the first day of the first full month which begins after the date of the enactment of this Act.

(b) Notwithstanding subsection (a), on and after the date of the enactment of this Act the Secretary of Labor is authorized to prescribe necessary rules, regulations, and orders with regard to the amendments made by this Act.

AMENDMENT OFFERED BY MR. DENT

Mr. DENT. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: Strike out all after the enacting clause of the bill S. 2747 and insert in lieu thereof the provisions of H.R. 12435, as passed, as follows:

SHORT TITLE; REFERENCES TO ACT

SECTION 1. (a) This Act may be cited as the "Fair Labor Standards Amendments of 1974".

(b) Unless otherwise specified, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the section or other provision amended or repealed is a section or other provision of the Fair Labor Standards Act of 1938 (29 U.S.C. 201–219).

INCREASE IN MINIMUM WAGE RATE FOR EMPLOYEES COVERED BEFORE 1966

SEC. 2. Section 6(a)(1) is amended to read as follows:

"(1) not less than $2 an hour during the period ending December 31, 1974, not less than $2.10 an hour during the year beginning January 1, 1975, and not less than $2.30 an hour after December 31, 1975, except as otherwise provided in this section;".

INCREASE IN MINIMUM WAGE RATE FOR NONAGRICULTURAL EMPLOYEES COVERED IN 1966 AND 1973

SEC. 3. Section 6(b) is amended (1) by inserting ", title IX of the Education Amendments of 1972, or the Fair Labor Standards Amendments of 1974" after "1966", and (2) by striking out paragraphs (1) through (5) and inserting in lieu thereof the following:

"(1) not less than $1.90 an hour during the period ending December 31, 1974.

"(2) not less than $2 an hour during the year beginning January 1, 1975,

"(3) not less than $2.20 an hour during the year beginning January 1, 1976, and

"(4) not less than $2.30 an hour after December 31, 1976."

INCREASE IN MINIMUM WAGE RATE FOR AGRICULTURAL EMPLOYEES

SEC. 4. Section 6(a)(5) is amended to read as follows:

"(5) if such employee is employed in agriculture not less than—

"(A) $1.60 an hour during the period ending December 31, 1974,

"(B) $1.80 an hour during the year beginning January 1, 1975,

"(C) $2 an hour during the year beginning January 1, 1976,

"(D) $2.20 an hour during the year beginning January 1, 1977, and

"(E) $2.30 an hour after December 31, 1977."

INCREASE IN MINIMUM WAGE RATES FOR EMPLOYEES IN PUERTO RICO AND THE VIRGIN ISLANDS

SEC. 5. (a) Section 5 is amended by adding at the end thereof the following new subsection:

"(e) The provisions of this section, section 6(c), and section 8 shall not apply with respect to the minimum wage rate of any employee employed in Puerto Rico or the Virgin Islands (1) by the United States or by the government of the Virgin Islands, (2) by an establishment which is a hotel, motel, or restaurant, or (3) by any other retail or service establishment which employs such employee primarily in connection with the preparation or offering of food or beverages for human consumption, either on the premises, or by such services as catering, banquet, box lunch, or curb or counter service, to the public, to employees, or to members or guests of members of clubs. The minimum wage rate of such an employee shall be determined under this Act in the same manner as the minimum wage rate for employees employed in a State of the United States is determined under this Act. As used in the preceding sentence, the term 'State' does not include a territory or possession of the United States."

(b) Effective on the date of the enactment of the Fair Labor Standards Amendments of 1974, subsection (c) of section 6 is amended by striking out paragraphs (2), (3), and (4) and inserting in lieu thereof the following:

"(2) Except as provided in paragraphs (4) and (5), in the case of any employee who is covered by such a wage order on the date of enactment of the Fair Labor Standards Amendments of 1974 and to whom the rate or rates prescribed by subsection (a) or (b) would otherwise apply, the wage rate applicable to such employee shall be increased as follows:

"(A) Effective on the effective date of the Fair Labor Standards Amendments of 1974, the wage order rate applicable to such employee on the day before such date shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

"(B) Effective on the first day of the second and each subsequent year after such date, the highest wage order rate applicable to such employees on the day before such first day shall—

"(i) if such rate is under $1.40 an hour, be increased by $0.12 an hour, and

"(ii) if such rate is $1.40 or more an hour, be increased by $0.15 an hour.

In the case of any employee employed in agriculture who is covered by a wage order issued by the Secretary pursuant to the recommendations of a special industry committee appointed pursuant to section 5, to whom the rate or rates prescribed by subsection (a)(5) would otherwise apply, and whose hourly wage is increased above the wage rate prescribed by such wage order by a subsidy (or income supplement) paid, in whole or in part, by the government of Puerto Rico, the increases prescribed by this paragraph shall be applied to the sum of the wage rate in effect under such wage order and the amount by which the employee's hourly wage rate is increased by the subsidy (or income supplement) above the wage rate in effect under such wage order.

"(3) In the case of any employee employed in Puerto Rico or the Virgin Islands to whom this section is made applicable by the amendments made to this Act by the Fair Labor Standards Amendments of 1974, the Secretary shall, as soon as practicable after the date of enactment of the Fair Labor Standards Amendments of 1974, appoint a special industry committee in accordance with section 5 to recommend the highest minimum wage rate or rates, which shall be not less than 60 per centum of the otherwise applicable minimum wage rate in effect under subsection (b) or $1 an hour, whichever is greater, to be applicable to such employee in lieu of the rate or rates prescribed by subsection (b). The rate recommended by the special industry committee shall (A) be effective with respect to such employee upon the effective date of the wage order issued pursuant to such recommendations, but not before sixty days after the effective date of the Fair Labor Standards Amendments of

1974, and (B) except in the case of employees of the government of Puerto Rico or any political subdivision thereof, be increased in accordance with paragraph (2)(B).

"(4)(A) Notwithstanding paragraph (2)(A) or (3), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(A) or (3) of this subsection, shall, on the effective date of the wage increase under paragraph (2)(A) or of the wage rate recommended under paragraph (3), as the case may be, be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1, whichever is higher.

"(B) Notwithstanding paragraph (2)(B), the wage rate of any employee in Puerto Rico or the Virgin Islands which is subject to paragraph (2)(B), shall, on and after the effective date of the first wage increase under paragraph (2)(B), be not less than 60 per centum of the otherwise applicable rate under subsection (a) or (b) or $1, whichever is higher.

"(5) If the wage rate of an employee is to be increased under this subsection to a wage rate which equals or is greater than the wage rate under subsection (a) or (b) which, but for paragraph (1) of this subsection, would be applicable to such employee, this subsection shall be inapplicable to such employee and the applicable rate under such subsection shall apply to such employees.

"(6) Each minimum wage rate prescribed by or under paragraph (2) or (3) shall be in effect unless such minimum wage rate has been superseded by a wage order (issued by the Secretary pursuant to the recommendation of a special industry committee convened under section (8) fixing a higher minimum wage rate."

(c)(1) The last sentence of section 8(b) is amended by striking out the period at the end thereof and inserting in lieu thereof a semicolon and the following. "except that the committee shall recommend to the Secretary the minimum wage rate prescribed in section 6(a) or 6(b), which would be applicable but for section 6(c), unless there is substantial documentary evidence, including pertinent unabridged profit and loss statements and balance sheets for a representative period of years or in the case of employees of public agencies other appropriate information, in the record which establishes that the industry, or a predominant portion thereof, is unable to pay that wage."

(2) The third sentence of section 10(a) is amended by inserting after "modify" the following: "(including provision for the payment of an appropriate minimum wage rate)".

(d) Section 8 is amended (1) by striking out "the minimum wage prescribed in paragraph (1) of section 6(a) in each such industry" in the first sentence of subsection (a) and inserting in lieu thereof "the minimum wage rate which would apply in each such industry under paragraph (1) or (5) of section 6(a) but for section 6(c)", (2) by striking out "the minimum wage rate prescribed in paragraph (1) of section 6(a)" in the last sentence of subsection (a) and inserting in lieu thereof "the otherwise applicable minimum wage rate in effect under paragraph (1) or (5) of section 6(a)", and (3) by striking out "prescribed in paragraph (1) of section 6(a)" in subsection (c) and inserting in lieu thereof "in effect under paragraph (1) or (5) of section 6(a) (as the case may be)".

FEDERAL AND STATE EMPLOYEES

SEC. 6. (a)(1) Section 3(d) is amended to read as follows:

"(d) 'Employer' includes any person acting directly or indirectly in the interest of an employer in relation to an employee and includes a public agency, but does not include any labor organization (other than when acting as an employer) or anyone acting in the capacity of officer or agent of such labor organization."

(2) Section 3(e) is amended to read as follows:

"(e)(1) Except as provided in paragraphs (2) and (3), the term 'employee' means any individual employed by an employer.

"(2) In the case of an individual employed by a public agency, such term means—

"(A) any individual employed by the Government of the United States—

"(i) as a civilian in the military departments (as defined in section 102 of title 5, United States Code),

"(ii) in any executive agency (as defined in section 105 of such title),

"(iii) in any unit of the legislative or judicial branch of the Government which has positions in the competitive service,

"(iv) in a nonappropriated fund instrumentality under the jurisdiction of the Armed Forces, or

"(v) in the Library of Congress;

"(B) any individual employed by the United States Postal Service or the Postal Rate Commission; and

"(C) any individual employed by a State, political subdivision of a State, or an interstate governmental agency, other than such an individual—

"(i) who is not subject to the civil service laws of the State, political subdivision, or agency which employs him; and

"(ii) who—

"(I) holds a public elective office of that State, political subdivision, or agency,

"(II) is selected by the holder of such an office to be a member of his personal staff,

"(III) is appointed by such an officeholder to serve on a policymaking level, or

"(IV) who is an immediate adviser to such an officeholder with respect to the constitutional or legal powers of his office.

"(3) For purposes of subsection (u), such term does not include any individual employed by an employer engaged in agriculture if such individual is the parent, spouse, child, or other member of the employer's immediate family."

(3) Section 3(h) is amended to read as follows:

"(h) 'Industry' means a trade, business, industry, or other activity, or branch or group thereof, in which individuals are gainfully employed."

(4) Section 3(r) is amended by inserting "or" at the end of paragraph (2) and by inserting after that paragraph the following new paragraph:

"(3) in connection with the activities of a public agency,".

(5) Section 3(s) is amended—

(A) by striking out in the matter preceding paragraph (1) "including employees handling, selling, or otherwise working on goods" and inserting in lieu thereof "or employees handling, selling, or otherwise working on goods or materials",

(B) by striking out "or" at the end of paragraph (3),

(C) by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; or",

(D) by adding after paragraph (4) the following new paragraph:

"(5) is an activity of a public agency.", and

(E) by adding after the last sentence the following new sentence: "The employees of an enterprise which is a public agency shall for purposes of this subsection be deemed to be employees engaged in commerce, or in the production of goods for commerce, or employees handling, selling, or otherwise working on goods or materials that have been moved in or produced for commerce."

(6) Section 3 is amended by adding after subsection (w) the following:

"(x) 'Public agency' means the Government of the United States; the government of a State or political subdivision thereof; any agency of the United States (including the United States Postal Service and Postal Rate Commission), a State, or a political subdivision of a State; or any interstate governmental agency."

(b) Section 4 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary is authorized to enter into an agreement with the Librarian of Congress with respect to any individual employed in the Library of Congress to provide for the carrying out of the Secretary's functions under this Act with respect to such individuals. Notwithstanding any other provision of this Act, or any other law, the Civil Service Commission is authorized to administer the provisions of this Act with respect to any individual employed by the United States (other than an individual employed in the Library of Congress, United States Postal Service, or Postal Rate Commission). Nothing in this subsection shall be construed to affect the right of an employee to bring an action for unpaid minimum wages, or unpaid overtime compensation, and liquidated damages under section 16(b) of this Act.".

(c) Section 13(b) is amended by striking out the period at the end of paragraph (19) and inserting in lieu thereof "; or" and by adding after that paragraph the following new paragraph:

"(20) any employee of a public agency engaged in fire protection or law enforcement activities (including security personnel in correctional institutions); or". (d)(1) The second sentence of section 16(b) is amended to read as follows: "Action to recover such liability may be maintained against any employer (including a public agency) in any Federal or State court of competent jurisdiction by any one or more employees similarly situated.".

(2)(A) Section 6 of the Portal-to-Portal Pay Act of 1947 is amended by striking out the period at the end of paragraph (c) and by inserting in lieu thereof a semicolon and by adding after such paragraph the following:

"(d) with respect to any cause of action brought under section 16(b) of the Fair Labor Standards Act of 1938 against a State or a political subdivision of a State in a district court of the United States on or before April 18, 1973, the running of the statutory periods of limitation shall be deemed suspended during the period beginning with the commencement of any such action and ending one hundred and eighty days after the effective date of the Fair Labor Standards Amendments of 1974, except that such suspension shall not be applicable if in such action judgment has been entered for the defendant on grounds other than State immunity from Federal jurisdiction."

(B) Section 11 of such Act is amended by striking out "(b)" after "section 16".

DOMESTIC SERVICE WORKERS

SEC. 7. (a) Section 2(a) is amended by inserting at the end the following new sentence: "That Congress further finds that the employment of persons in domestic service in households affects commerce."

(b)(1) Section 6 is amended by adding after subsection (e) the following new subsection:

"(f) Any employee who in any workweek—

(1) is employed in domestic service in one or more households, and

"(2) is so employed for more than eight hours in the aggregate,

shall be paid wages for such employment in such workweek at a rate not less than the wage rate in effect under section 6(b)."

(2) Section 7 is amended by adding at the end thereof the following new subsection:

"(k) No employer shall employ any em-

ployee in domestic service in one or more households for a workweek longer than forty hours unless such employee receives compensation for such employment in accordance with subsection (a)."

(3) Section 13(a) is amended by adding at the end the following new paragraph:

"(15) any employee employed on a casual basis in domestic service employment to provide babysitting services or any employee employed in domestic service employment to provide companionship services for individuals who (because of age or infirmity) are unable to care for themselves (as such terms are defined and delimited by regulations of the Secretary)."

(4) Section 13(b) is amended by adding after the paragraph added by section 6(c) the following new paragraph:

"(21) any employee who is employed in domestic service in a household and who resides in such household; or".

RETAIL AND SERVICE ESTABLISHMENTS

SEC. 8. (a) Effective July 1, 1974, section 13(a)(2) (relating to employees of retail and service establishments) is amended by striking out "$250,000" and inserting in lieu thereof "$225,000".

(b) Effective July 1, 1976, such section is amended by striking out "$225,000" and inserting in lieu thereof "$200,000".

(c) Effective July 1, 1977, such section is amended by striking out "or such establishment has an annual dollar volume of sales which is less than $200,000 (exclusive of excise taxes at the retail level which are separately stated)".

TOBACCO EMPLOYEES

SEC. 9. (a) Section 7 is amended by adding after the subsection added by section 7(b)(2) of this Act the following:

"(1) For a period or periods of not more than fourteen workweeks in the aggregate in any calendar year, any employer may employ any employee for a workweek in excess of that specified in subsection (a) without paying the compensation for overtime employment prescribed in such subsection, if such employee—

"(1) is employed by such employer—

"(A) to provide services (including stripping and grading) necessary and incidental to the sale at auction of green leaf tobacco of type 11, 12, 13, 14, 21, 22, 23, 24, 31, 35, 36, or 37, as such types are defined by the Secretary of Agriculture), or in auction sale, buying, handling, stemming, redrying, packing, and storing of such tobacco,

"(B) in auction sale, buying, handling, sorting, grading, packing, or storing green leaf tobacco of type 32 (as such type is defined by the Secretary of Agriculture) or

"(C) in auction sale, buying, handling, stripping, sorting, grading, sizing, packing, or stemming prior to packaging, perishable cigar leaf tobacco of type 41, 42, 43, 44, 45, 46, 51, 52, 53, 54, 55, 61, or 62 (as such types are defined by the Secretary of Agriculture); and

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek, compensation at a rate not less than one and one-half times the regular rate at which he is employed.

An employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section.

(b)(1) Section 13(a)(14) is repealed.

(2) Section 13(b) is amended by adding after the paragraph added by section 7(b)(4) of this Act the following new paragraph:

(22) any agricultural employee employed in the growing and harvesting of shade-grown tobacco who is engaged in the processing (including, but not limited to, drying, curing, fermenting, bulking, rebulking, sorting, grading, aging, and baling) of such tobacco, prior to the stemming process, for use as cigar wrapper tobacco; or".

TELEGRAPH AGENCY EMPLOYEES

SEC. 10. (a) Section 13(a)(11) (relating to telegraph agency employees) is repealed.

(b)(1) Section 13(b) is amended my adding after the paragraph added by section 9(b)(2) of this Act the following new paragraph:

(23) any employee or proprietor in a retail or service establishment which qualifies as an exempt retail or service establishment under paragraph (2) of subsection (a) with respect to whom the provisions of sections 6 and 7 would not otherwise apply, who is engaged in handling telegraphic messages for the public under an agency or contract arrangement with a telephone company where the telegraph message revenue of such agency does not exceed $500 a month, and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(23) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, section 13(b)(23) is repealed.

SEAFOOD CANNING AND PROCESSING EMPLOYEES

SEC. 11. (a) Section 13(b)(4) (relating to fish and seafood processing employees) is amended by inserting "who is" after "employee", and by inserting before the semicolon the following: ", and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(4) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours."

(c) Effective two years after such date, section 13(b)(4) is repealed.

NURSING HOME EMPLOYEES

SEC. 12. (a) Section 13(b)(8) (insofar as it relates to nursing home employees) is amended by striking out "any employee who (A) is employed by an establishment which is an institution (other than a hospital) primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises" and the remainder of that paragraph.

(b) Section 7(j) is amended by inserting after "a hospital" the following: "or an establishment which is an institution primarily engaged in the care of the sick, the aged, or the mentally ill or defective who reside on the premises".

HOTEL, MOTEL, AND RESTAURANT EMPLOYEES AND TIPPED EMPLOYEES

SEC. 13. (a) Section 13(b)(8) (insofar as it relates to hotel, motel, and restaurant employees) (as amended by section 12) is amended (1) by striking out "any employee" and inserting in lieu thereof "(A) any employee (other than an employee of a hotel or motel who performs maid or custodial services) who is", (2) by inserting before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed", and (3) by adding after such section the following:

"(B) any employee of a hotel or motel who performs maid or custodial services and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed; or".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, subparagraphs (A) and (B) of section 13(b)(8) are each amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-six hours".

(c) Effective two years after such date, subparagraph (B) of section 13(b)(8) is amended by striking out "forty-six hours" and inserting in lieu thereof "forty-four hours".

(d) Effective three years after such date, subparagraph (B) of section 13(b)(8) is repealed and such section is amended by striking out "(A)".

(e) The last sentence of section 3(m) is amended to read as follows: "In determining the wage of a tipped employee, the amount paid such employee by his employer shall be deemed to be increased on account of tips by an amount determined by the employer, but not by an amount in excess of 50 per centum of the applicable minimum wage rate, except that the amount of the increase on account of tips determined by the employer may not exceed the value of tips actually received by the employee. The previous sentence shall not apply with respect to any tipped employee unless (1) such employee has been informed by the employer of the provisions of this subsection, and (2) all tips received by such employee have been retained by the employee, except that this subsection shall not be construed to prohibit the pooling of tips among employees who customarily and regularly receive tips."

SALESMEN, PARTSMEN, AND MECHANICS

SEC. 14. Section 13(b)(10) (realting to salesmen, partsmen, and mechanics) is amended to read as follows:

"(10)(A) any salesman, partsman, or mechanic primarily engaged in selling or servicing automobiles, trucks, or farm implements, if he is employed by a non-manufacturing establishment primarily engaged in the business of selling such vehicles or implements to ultimate purchasers; or

"(B) any salesman primarily engaged in selling trailers, boats, or aircraft employed by a nonmanufacturing establishment primarily engaged in the business of selling trailers, boats, or aircraft to ultimate purchasers; or".

FOOD SERVICE ESTABLISHMENT EMPLOYEES

SEC. 15. (a) Section 13(b)(18) (relating to food service and catering employees) is amended by inserting immediately before the semicolon the following: "and who receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(b) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(c) Effective two years after such date, such section is repealed.

BOWLING EMPLOYEES

SEC. 16. (a) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, section 13(b)(19) (relating to employees of bowling establishments) is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(b) Effective two years after such date, such section is repealed.

SUBSTITUTE PARENTS FOR INSTITUTIONALIZED CHILDREN

SEC. 17. Section 13(b) is amended by inserting after the paragraph added by section 10(b)(1) of this Act the following new paragraph:

(24) any employee who is employed with his spouse by a nonprofit educational institution to serve as the parents of children—

"(A) who are orphans or one of whose natural parents is deceased, and

"(B) who are enrolled in such institution and reside in residential facilities of the institution, while such children are in residence at such institution, if such employee and his spouse reside in such facilities, receive, without cost, board and lodging from such institution, and are together compensated, on a cash basis, at an annual rate of not less than $10,000; or".

EMPLOYEES OF CONGLOMERATES

SEC. 18. Section 13 is amended by adding at the end thereof the following:

"(g) The exemption from section 6 provided by paragraphs (2) and (6) of subsection (a) of this section shall not apply with respect to any employee employed by an establishment (1) which controls, is controlled by, or is under common control with, another establishment the activities of which are not related for a common business purpose to, but materially support, the activities of the establishment employing such employee; and (2) whose annual gross volume of sales made or business done, when combined with the annual gross volume of sales made or business done by each establishment which controls, is controlled by, or is under common control with, the establishment employing such employee, exceeds $10,000,000 (exclusive of excise taxes at the retail level which are separately stated), except that the exemption from section 6 provided by paragraph (2) of subsection (a) of this section shall apply with respect to any establishment described in this subsection which has an annual dollar volume of sales which would permit it to qualify for the exemption provided in paragraph (2) of subsection (a) if it were in an enterprise described in section 3(s)."

SEASONAL INDUSTRY EMPLOYEES

SEC. 19. (a) Sections 7(c) and 7(d) are each amended—

(1) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks", and

(2) by striking out "fourteen workweeks" and inserting in lieu thereof "ten workweeks".

(b) Section 7(c) is amended by striking out "fifty hours" and inserting in lieu thereof "forty-eight hours".

(c) Effective January 1, 1975, sections 7(c) and 7(d) are each amended—

(1) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks", and

(2) by striking out "ten workweeks" and inserting in lieu thereof "seven workweeks".

(d) Effective January 1, 1976, sections 7(c) and 7(d) are each amended—

(1) by striking out "five workweeks" and inserting in lieu thereof "three workweeks", and

(2) by striking out "seven workweeks" and inserting in lieu thereof "five workweeks".

(e) Effective December 31, 1976, sections 7(c) and 7(d) are repealed.

COTTON GINNING AND SUGAR PROCESSING EMPLOYEES

SEC. 20. (a) Section 13(b)(15) is amended to read as follows:

"(15) any employee engaged in the processing of maple sap into sugar (other than refined sugar) or sirup; or".

(b)(1) Section 13(b) is amended by adding after paragraph (24) the following new paragraph:

"(25) any employee who is engaged in ginning of cotton for market in any place of employment located in a county where cotton is grown in commercial quantities and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(25) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following: "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(25) is amended—

(A) by striking out "sixty-six" in subparagraph (A) and inserting in lieu thereof "sixty";

(B) by striking out "sixty" in subparagraph (B) and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" in subparagraph (E) and inserting in lieu thereof "forty".

(c)(1) Section 13(b) is amended by adding after paragraph (25) the following new paragraph:

"(26) any employee who is engaged in the processing of sugar beets, sugar beet molasses, or sugar cane into sugar (other than refined sugar) or syrup and who receives compensation for employment in excess of—

"(A) seventy-two hours in any workweek for not more than six workweeks in a year,

"(B) sixty-four hours in any workweek for not more than four workweeks in that year,

"(C) fifty-four hours in any workweek for not more than two workweeks in that year, and

"(D) forty-eight hours in any other workweek in that year,

at a rate not less than one and one-half times the regular rate at which he is employed; or".

(2) Effective January 1, 1975, section 13(b)(26) is amended—

(A) by striking out "seventy-two" and inserting in lieu thereof "sixty-six";

(B) by striking out "sixty-four" and inserting in lieu thereof "sixty";

(C) by striking out "fifty-four" and inserting in lieu thereof "fifty";

(D) by striking out "and" at the end of subparagraph (C); and

(E) by striking out "forty-eight hours in any other workweek in that year" and inserting in lieu thereof the following "forty-six hours in any workweek for not more than two workweeks in that year, and

"(E) forty-four hours in any other workweek in that year,".

(3) Effective January 1, 1976, section 13(b)(26) is amended—

(A) by striking out "sixty-six" in subparagraph (A) and inserting in lieu thereof "sixty";

(B) by striking out "sixty" in subparagraph (B) and inserting in lieu thereof "fifty-six";

(C) by striking out "fifty" and inserting in lieu thereof "forty-eight";

(D) by striking out "forty-six" and inserting in lieu thereof "forty-four"; and

(E) by striking out "forty-four" in subparagraph (E) and inserting in lieu thereof "forty".

LOCAL TRANSIT EMPLOYEES

SEC. 21(a) Section 7 is amended by adding after the subsection added by section 9(a) of this Act the following new subsection:

"(m) In the case of an employee of an employer engage in the business of operating a street, suburban or interurban electric railway, or local trolley or motorbus carrier (regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), in determining the hours of employment of such an employee to which the rate prescribed by subsection (a) applies there shall be excluded the hours such employee was employed in charter activities by such employer if (1) the employee's employment in such activities was pursuant to an agreement or understanding with his employer arrived at before engaging in such employment, and (2) if employment in such activities is not part of such employee's regular employment."

(b)(1) Section 13(b)(7) (relating to employees of street, suburban or interurban electric railways, or local trolley or motorbus carriers) is amended by striking out ", if the rates and services of such railway or carrier are subject to regulation by a State or local agency" and inserting in lieu thereof the following: "(regardless of whether or not such railway or carrier is public or private or operated for profit or not for profit), if such employee receives compensation for employment in excess of forty-eight hours in any workweek at a rate not less than one and one-half times the regular rate at which he is employed".

(2) Effective one year after the effective date of the Fair Labor Standards Amendments of 1974, such section is amended by striking out "forty-eight hours" and inserting in lieu thereof "forty-four hours".

(3) Effective two years after such date, such section is repealed.

COTTON AND SUGAR SERVICE EMPLOYEES

SEC. 22. Section 13 is amended by adding after the subsection added by section 18 the following:

"(h) The provisions of section 7 shall not apply for a period or periods of not more than fourteen workweeks in the aggregate in any calendar year to any employee who—

"(1) is employed by such employer—

"(A) exclusively to provide services necessary and incidental to the ginning of cotton in an establishment primarily engaged in the ginning of cotton;

"(B) exclusively to provide services necessary and incidental to the receiving, handling and storing of raw cotton and the compressing of raw cotton when performed at a cotton warehouse or compress-warehouse facility, other than one operated in conjunction with a cotton mill, primarily engaged in storing and compressing;

"(C) exclusively to provide services necessary and incidental to the receiving, handling, storing, and processing of cottonseed in an establishment primarily engaged in the receiving, handling, storing and processing of cottonseed; or

"(D) exclusively to provide services necessary and incidental to the processing of sugar cane or sugar beets in an establishment primarily engaged in the processing of sugar cane or sugar beets; and".

"(2) receives for—

"(A) such employment by such employer which is in excess of ten hours in any workday, and

"(B) such employment by such employer which is in excess of forty-eight hours in any workweek,

compensation at a rate not less than one and

one-half times the regular rate at which he is employed.

Any employer who receives an exemption under this subsection shall not be eligible for any other exemption under this section or section 7."

OTHER EXEMPTIONS

SEC. 23. (a)(1) Section 13(a)(9) (relating to motion picture theater employees) is repealed.

(2) Section 13(b) is amended by adding after paragraph (26) the following new paragraph:

(27) any employee employed by an establishment which is a motion picture theater; or".

(b)(1) Section 13(a)(13) (relating to small logging crews) is repealed.

(2) Section 13(b) is amended by adding after paragraph (27) the following new paragraph:

"(28) any employee employed in planting or tending trees, cruising, surveying, or felling timber, or in preparing or transporting logs or other forestry products to the mill, processing plant, railroad, or other transportation terminal, if the number of employees employed by his employer in such forestry or lumbering operations does not exceed eight."

(c) Section 13(b)(2) (insofar as it relates to pipeline employees) is amended by inserting after "employer" the following: "engaged in the operation of a common carrier by rail and".

EMPLOYMENT OF STUDENTS

SEC. 24. (a) Section 14 is amended by striking out subsections (a), (b), and (c) and inserting in lieu thereof the following:

"SEC. 14. (a) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by regulations or by orders provide for the employment of learners, of apprentices, and messengers employed primarily in delivering letters and messages, under special certificates issued pursuant to regulations of the Secretary, at such wages lower than the minimum wage applicable under section 6 and subject to such limitations as to time, number, proportion, and length of service as the Secretary shall prescribe.

"(b)(1) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in retail or service establishments.

"(2) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment, at a wage rate not less than 85 per centum of the wage rate in effect under section 6(a)(5) or not less than $1.30 an hour, whichever is the higher (or, in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) in any occupation in agriculture.

"(3) The Secretary, to the extent necessary in order to prevent curtailment of opportunities for employment, shall by special certificate issued under a regulation or order provide for the employment by an institution of higher education, at a wage rate not less than 85 per centum of the otherwise applicable wage rate in effect under section 6 or not less than $1.60 an hour, whichever is the higher (or in the case of employment in Puerto Rico or the Virgin Islands not described in section 5(e), at a wage rate not less than 85 per centum of the wage rate in effect under section 6(c)), of full-time students (regardless of age but in compliance with applicable child labor laws) who are enrolled in such institution. The Secretary shall by regulation prescribe standards and requirements to insure that this paragraph will not create a substantial probability of reducing the full-time employment opportunities of persons other than those to whom the minimum wage rate authorized by this paragraph is applicable.

"(4)(A) A special certificate issued under paragraph (1), (2), or (3) shall provide that the student or students for whom it is issued shall, except during vacation periods, be employed on a part-time basis and not in excess of twenty hours in any workweek.

"(B) If the issuance of a special certificate under paragraph (1) or (2) for an employer will cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may not issue such a special certificate for the employment of a student by such employer unless the Secretary finds employment of such student will not create a substantial probability of reducing the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. If the issuance of a special certificate under paragraph (1) or (2) for an employer will not cause the number of students employed by such employer under special certificates issued under this subsection to exceed four, the Secretary may issue a special certificate under paragraph (1) or (2) or the employment of a student by such employer if such employer certifies to the Secretary that the employment of such student will not reduce the full-time employment opportunities of persons other than those employed under special certificates issued under this subsection. The requirement of this subparagraph shall not apply in the case of the issuance of special certificates under paragraph (3) for the employment of full-time students by institutions of higher education; except that if the Secretary determines that an institution of higher education is employing students under certificates issued under paragraph (3) but in violation of the requirements of that paragraph or of regulations issued thereunder, the requirements of this subpagraph shall apply with respect to the issuance of special certificates under paragraph (3) for the employment of students by such institution.

"(C) No special certificate may be issued under this subsection unless the employer for whom the certificate is to be issued provides evidence satisfactory to the Secretary of the student status of the employees to be employed under such special certificate."

(b) Section 14 is further amended by redesignating subsection (d) as subsection (c) and by adding at the end the following new subsection:

"(d) The Secretary may by regulation or order provide that sections 6 and 7 shall not apply with respect to the employment by any elementary or secondary school of its students if such employment constitutes, as determined under regulations prescribed by the Secretary, an integral part of the regular education program provided by such school and such employment is in accordance with applicable child labor laws."

(c) Section 4(d) is amended by adding at the end thereof the following new sentence: "Such report shall also include a summary of the special certificates issued under section 14(b)."

CHILD LABOR

SEC. 25. (a) Section 12 (relating to child labor) is amended by adding at the end thereof the following new subsection:

"(d) In order to carry out the objectives of this section, the Secretary may by regulation require employers to obtain from any employee proof of age."

(b) Section 13(c)(1) (relating to child labor in agriculture) is amended to read as follows:

"(c)(1) Except as provided in paragraph (2), the provisions of section 12 relating to child labor shall not apply to any employee employed in agriculture outside of school hours for the school district where such employee is living while he is so employed, if such employee—

"(A) is less than twelve years of age and (i) is employed by his parent, or by a person standing in the place of his parent, on a farm owned or operated by such parent or person, or (ii) is employed, with the consent of his parent or person standing in the place of his parent, on a farm, none of the employees of which are (because of section 13(a)(6)(A)) required to be paid at the wage rate prescribed by section 6(a)(5),

"(B) is twelve years or thirteen years of age and (i) such employment is with the consent of his parent or person standing in the place of his parent, or (ii) his parent or such person is employed on the same farm as such employee, or

"(C) is fourteen years of age or older."

(c) Section 16 is amended by adding at the end thereof the following new subsection:

"(e) Any person who violates the provisions of section 12, relating to child labor, or any regulation issued under that section, shall be subject to a civil penalty of not to exceed $1,000 for each such violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The amount of such penalty, when finally determined, may be—

"(1) deducted from any sums owing by the United States to the person charged;

"(2) recovered in a civil action brought by the Secretary in any court of competent jurisdiction, in which litigation the Secretary shall be represented by the Solicitor of Labor; or

"(3) ordered by the court, in an action brought for a violation of section 15(a)(4), to be paid to the Secretary.

Any administrative determination by the Secretary of the amount of such penalty shall be final, unless within fifteen days after receipt of notice thereof by certified mail the person charged with the violation takes exception to the determination that the violations for which the penalty is imposed occurred, in which event final determination of the penalty shall be made in an administrative proceeding after opportunity for hearing in accordance with section 554 of title 5, United States Code, and regulations to be promulgated by the Secretary. Sums collected as penalties pursuant to this section shall be applied toward reimbursement of the costs of determining the violations and assessing and collecting such penalties, in accordance with the provisions of section 2 of an Act entitled 'An Act to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes' (29 U.S.C. 9a)."

SUITS BY SECRETARY FOR BACK WAGES

SEC. 26. The first three sentences of section 16(c) are amended to read as follows: "The Secretary is authorized to supervise the payment of the unpaid minimum wages or the unpaid overtime compensation owing to an employee or employees under section 6 or 7 of this Act, and the agreement of any employee to accept such payment shall upon

payment in full constitute a waiver by such employee of any right he may have under subsection (b) of this section to such unpaid minimum wages or unpaid overtime compensation and an additional equal amount as liquidated damages. The Secretary may bring an action in any court of competent jurisdiction to recover the amount of the unpaid minimum wages or overtime compensation and an equal amount as liquidated damages. The right, provided by subsection (b) to bring an action by or on behalf of any employee and of any employee to become a party plaintiff to any such action shall terminate upon the filing of a complaint by the Secretary in an action under this subsection in which a recovery is sought of unpaid minimum wages or unpaid overtime compensation under sections 6 and 7 or liquidated or other damages provided by this subsection owing to such employee by an employer liable under the provision of subsection (b), unless such action is dismissed without prejudice on motion of the Secretary."

ECONOMIC EFFECTS STUDIES

SEC. 27. Section 4(d) is amended by—

(1) inserting "(1)" immediately after "(d)";

(2) inserting in the second sentence after "minimum wages" the following: "and overtime coverage"; and

(3) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall conduct studies on the justification or lack thereof for each of the special exemptions set forth in section 13 of this Act, and the extent to which such exemptions apply to employees of establishments described in subsection (g) of such section and the economic effects of the application of such exemptions to such employees. The Secretary shall submit a report of his findings and recommendations to the Congress with respect to the studies conducted under this paragraph not later than January 1, 1976."

NONDISCRIMINATION ON ACCOUNT OF AGE IN GOVERNMENT EMPLOYMENT

SEC. 28. (a)(1) The first sentence of section 11(b) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 630(b)) is amended by striking out "twenty-five" and inserting in lieu thereof "twenty".

(2) The second sentence of section 11(b) of such Act is amended to read as follows: "The term also means (1) any agent of such a person, and (2) a State or political subdivision of a State and any agency or instrumentality of a State or a political subdivision of a State, and any interstate agency, but such term does not include the United States, or a corporation wholly owned by the Government of the United States.".

(3) Section 11(c) of such Act is amended by striking out ", or an agency of a State or political subdivision of a State, except that such term shall include the United States Employment Service and the system of State and local employment services receiving Federal assistance".

(4) Section 11(f) of such Act is amended to read as follows:

"(f) The term 'employee' means an individual employed by any employer except that the term 'employee' shall not include any person elected to public office in any State or political subdivision of any State by the qualified voters thereof, or any person chosen by such officer to be on such officer's personal staff, or an appointee on the policy making level or an immediate adviser with respect to the exercise of the constitutional or legal powers of the office. The exemption set forth in the preceding sentence shall not include employees subject to the civil service laws of a State government, governmental agency, or political subdivision.".

(5) Section 16 of such Act is amended by striking out "$3,000,000" and inserting in lieu thereof "$5,000,000".

(b)(1) The Age Discrimination in Employment Act of 1967 is amended by redesignating sections 15 and 16, and all references thereto, as section 16 and section 17, respectively.

(2) The Age Discrimination in Employment Act of 1967 is further amended by adding immediately after section 14 the following new section:

"NONDISCRIMINATION ON ACCOUNT OF AGE IN FEDERAL GOVERNMENT EMPLOYMENT

"SEC. 15. (a) All personnel actions affecting employees or applicants for employment (except with regard to aliens employed outside the limits of the United States) in military departments as defined in section 102 of title 5, United States Code, in executive agencies as defined in section 105 of title 5, United States Code (including employees and applicants for employment who are paid from nonappropriated funds), in the United States Postal Service and the Postal Rate Commission, in those units in the government of the District of Columbia having position in the competitive service, and in those units of the legislative and judicial branches of the Federal Government having positions in the competitive service, and in the Library of Congress shall be made free from any discrimination based on age.

"(b) Except as otherwise provided in this subsection, the Civil Service Commission is authorized to enforce the provisions of subsection (a) through appropriate remedies, including reinstatement or hiring of employees with or without backpay, as will effectuate the policies of this section. The Civil Service Commission shall issue such rules, regulations, orders, and instructions as it deems necessary and appropriate to carry out its responsibilities under this section. The Civil Service Commission shall—

"(1) be responsible for the review and evaluation of the operation of all agency programs designed to carry out the policy of this section, periodically obtaining and publishing (on at least a semiannual basis) progress reports from each department, agency, or unit referred to in subsection (a);

"(2) consult with and solicit the recommendations of interested individuals, groups, and organizations relating to nondiscrimination in employment on account of age; and

"(3) provide for the acceptance and processing of complaints of discrimination in Federal employment on account of age.

The head of each such department, agency, or unit shall comply with such rules, regulations, orders, and instructions of the Civil Service Commission which shall include a provision that an employee or applicant for employment shall be notified of any final action taken on any complaint of discrimination filed by him thereunder. Reasonable exemptions to the provisions of this section may be established by the Commission but only when the Commission has established a maximum age requirement on the basis of a determination that age is a bona fide occupational qualification necessary to the performance of the duties of the position. With respect to employment in the Library of Congress, authorities granted in this subsection to the Civil Service Commission shall be exercised by the Librarian of Congress.

"(c) Any persons aggrieved may bring a civil action in any Federal district court of competent jurisdiction for such legal or equitable relief as will effectuate the purposes of this Act.

"(d) When the individual has not filed a complaint concerning age discrimination with the Commission, no civil action may be commenced by any individual under this section until the individual has given the Commission not less than thirty days' notice of an intent to file such action. Such notice shall be filed within one hundred and eighty days after the alleged unlawful practice occurred. Upon receiving a notice of intent to sue, the Commission shall promptly notify all persons named therein as prospective defendants in the action and take any appropriate action to assure the elimination of any unlawful practice.

"(e) Nothing contained in this section shall relieve any Government agency or official of the responsibility to assure nondiscrimination on account of age in employment as required under any provision of Federal law.".

EFFECTIVE DATE

SEC. 29. (a) Except as otherwise specifically provided, the amendments made by this Act shall take effect on the first day of the second full month which begins after the date of the enactment of this Act:

(b) Notwithstanding subsection (a), on and after the date of the enactment of this Act the Secretary of Labor is authorized to prescribe necessary rules, regulations, and orders with regard to the amendments made by this Act.

The amendment was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H.R. 12435) was laid on the table.

GENERAL LEAVE

Mr. DENT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill just passed.

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

There was no objection.

APPOINTMENT OF CONFEREES ON S. 2747, FAIR LABOR STANDARDS ACT OF 1938

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the House insist on its amendment to the Senate bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes, and request a conference with the Senate thereon.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky? The Chair hears none, and appoints the following conferees: Messrs. PERKINS, DENT, DOMINICK V. DANIELS, BURTON, GAYDOS, CLAY, BIAGGI, QUIE, ERLENBORN, HANSEN of Idaho, KEMP, and SARASIN.

TENNESSEE VALLEY AUTHORITY POLLUTION CONTROL FACILITIES

Mr. YOUNG of Texas. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 991 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 991

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11929) to amend section 15d of the Ten-

nessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

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

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

Mr. Speaker, House Resolution 991 provides for an open rule with 1 hour of general debate on H.R. 11929, a bill to amend the Tennessee Valley Authority Act of 1933.

H.R. 11929 provides that expenditures by the Tennessee Valley Authority for pollution control facilities will be credited against required power investment return payments and repayments. Beginning in fiscal year 1975, the TVA would be entitled to a credit against the payments and repayments which are required by law as a return on the appropriation investment in power facilities. The credit would be in an amount equal to that expended for any certified pollution control facility in the preceding year. Such a credit would be equal to a cash payment.

Mr. Speaker, I urge the adoption of House Resolution 991 in order that we may discuss and debate H.R. 11929.

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

Mr. Speaker, House Resolution 991 is the rule providing for the consideration of H.R. 11929, the Tennessee Valley Authority pollution control facilities bill. The rule is an open rule with 1 hour of general debate.

The primary purpose of H.R. 11929 is to provide that TVA expenditures for pollution control facilities will be credited against payments TVA makes to the Treasury as return and repayment on the appropriation investment in power facilities.

In addition, 10 percent or more of the power generating capacity of the plant will be required to operate the environmental control devices. It is the intent of H.R. 11929 that the added increment of power producing capacity which is required in new facilities to operate environmental control devices would also be considered a pollution control facility.

The total cost of this bill for the next 5 fiscal years is estimated by the committee to be $394,500,000.

The committee report contains letters from TVA, the Environmental Protection Agency, and the Treasury Department. All three letters conclude that this bill is not in accord with the administration's program.

Supplemental views were filed by Members, Congressmen DON H. CLAUSSEN, HAMMERSCHMIDT, ABDNOR, and HANRAHAN pointing out that the Nation overreacted in setting up stringent environmental requirements and should "return to a more reasoned approach."

Minority views were filed by Members, Congressmen CLEVELAND and SNYDER arguing that—

> The clear effect of H.R. 11929 is to provide that the Federal Government would pay 100% of the cost of environmental control equipment installed by the Tennessee Valley Authority pursuant to air and water pollution control laws. No similar benefit is available to other power producing organizations.

They propose a credit equal to 50 percent of the cost of pollution control facilities.

Mr. Speaker, I have no objection to the adoption of the recommended rule.

Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, this is a measure which would equalize the pollution costs of the TVA in conjunction with the private corporations and other power producing facilities throughout the United States.

I would like to invite the attention of the Members of the House to the fact that the TVA power backs up other power companies east of the Western States and provides power to them during peak periods.

We all know about the high cost of power to consumers, and its application to every facet of progress in the United States. The TVA has pioneered not only in flood control but also in pollution control, and pollution control costs should be credited by the U.S. Government. This would tend to lower power rates for the benefit of all the people, not only in the Tennessee Valley area but throughout the width and breadth of this country.

Mr. Speaker, I urge adoption of the rule and the passage of the bill.

Mr. DEL CLAWSON. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois (Mr. FINDLEY).

Mr. FINDLEY. Mr. Speaker, I am surprised that a bill of this nature would reach the floor of the House of Representatives and my surprise impels me to raise some questions about it.

It seems to serve a very narrow sectional interest and to discriminate against power production elsewhere throughout the country.

In my district, for example, the city of Springfield has a municipal powerplant and that city has gone to great expense to install pollution control devices to bring the emissions from that plant within the standards that are being established by EPA.

I also have a number of rural electric cooperatives in my district. They are formed into WIPCO, which is a central power cooperative which generates electricity for the benefit of these other rural electrical cooperatives. This cooperative has installed a pollution control device on its plant at Pearl, Ill., near my hometown, and has paid from revenues for the full cost of this expensive installation.

The question I raise is why the committee considering this bill did not extend the 100 percent Federal financing principle on pollution control devices to the generation of all power throughout the country? Why is it restricted just to one region of the Nation? Can anyone provide me with an answer to that question?

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. FINDLEY. I will be glad to yield to the gentleman.

Mr. JONES of Alabama. The municipal distribution systems as represented by the American Public Power Association and in the National Rural Electric Cooperation Association have supported this proposal. I would like to point out to the gentleman that under the tax exempt bonding authorities possessed under the existing law the municipalities issue tax-exempt bonds; so consequently that gives them an advantage that even TVA does not have. Consequently, they are advantaged to that extent.

Mr. FINDLEY. May I ask the gentleman this question. I could not quite catch his comments. Did he state that private utilities had tax-exempt bonds for the financing of pollution control devices?

Mr. JONES of Alabama. I thought the gentleman was addressing himself to the municipal owned and operated enterprises.

Mr. FINDLEY. Yes.

Mr. JONES of Alabama. So my reply to that question is, "Yes."

Mr. FINDLEY. It is true that the municipalities can issue bonds, the interest of which is tax exempt; but they do have the responsibility to retire those bonds.

Mr. JONES of Alabama. That is true.

Mr. FINDLEY. And to pay the interest on them.

Mr. JONES of Alabama. Yes.

Mr. FINDLEY. Yet this bill would seem to establish a rather unusual precedent of Federal financing of pollution control devices for just a limited part of the country.

Mr. JONES of Alabama. If the Tennessee Valley Authority could issue tax-exempt bonds, then it would not be necessary for us to consider a bill in the nature such as we have before us today.

Now, the bonds that have been issued by the Tennessee Valley Authority have exceeded $2.5 billion. They are not tax exempt. The properties which these bonds provide are owned by the United States. The municipal and cooperative properties are owned by the people they serve.

Mr. FINDLEY. I see.

Mr. JONES of Alabama. So there is the great disparity which the gentleman failed to understand.

Mr. FINDLEY. Bonds issued by utilities and municipalities whether tax-exempt or not must be retired from enterprise revenue and interest paid that way too. I just make the summary comment that if we approve this bill, I do not see how in good conscience and fairness this Congress can fail to approve full Federal financing of pollution control devices for the rural electric cooperative

generating plants and for the private utility generating plants throughout the country. We will establish a bad and expensive precedent with this bill.

Mr. DEL CLAWSON. Mr. Speaker, I have no further requests for time.

Mr. JONES of Alabama. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. JONES of Alabama. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 11929) to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments.

The SPEAKER. The question is on the motion offered by the gentleman from Alabama (Mr. JONES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 11929) with Mr. EVANS of Colorado in the chair.

The Clerk read the title of the bill.

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

The CHAIRMAN. Under the rule, the genleman from Alabama, (Mr. JONES) will be recognized for 30 minutes, and the gentleman from Tennessee (Mr. BAKER) will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Chairman, I yield myself 12 minutes.

Mr. Chairman, H.R. 11929 would amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments. These credits would be similar to those already provided for private investment for various purposes inasmuch as they would reduce liabilities for payments to the Treasury on the basis of expenditures required to achieve nationally beneficial objectives.

This legislation is necessary because conditions and circumstances in the Nation, in the electric power industry and in the Tennessee Valley region have changed considerably since the last major review of the TVA Act in the 1950's.

H.R. 11929, as reported, would add a subsection to section 15d of the TVA Act of 1933. The first part of the new subsection provides that beginning with fiscal year 1975, and every year thereafter, the Tennessee Valley Authority is entitled to credit payments for certified environmental control equipment during the preceding year against both the required $20 million per year annual repayment and the annual payments as return on the appropriation investment.

In any year where expenditures for pollution control equipment exceeds the payments required as a return on appropriation investment for the next fiscal year, the amount in excess of the repayments shall be applied against the $20 million annual repayment.

In those years where the investment for certified pollution control equipment exceeds the sum of the $20 million per year annual repayment and the return on appropriation investment for the next year, such excess sums would be credited against the outstanding unrepaid appropriation.

Credits against the return on appropriation investment or repayment of the appropriation investment shall be applied against the return or repayment sums as if they were payments in cash.

The second part of the new subsection provides that in order for pollution control expenditures to be eligible to be credited against annual repayments or payments as return on appropriation investment, such expenditures must be for certified pollution control facilities. For a facility to qualify as a "certified pollution control facility," the Board of the Tennessee Valley Authority must first certify to the Environmental Protection Agency that the environmental control facility has been or is being constructed, reconstructed, erected, or acquired, in conformity with programs and requirements for abatement and control of water or atmospheric pollution or contamination. The Administrator of the Environmental Protection Agency, in addition, must then certify to the Secretary of the Treasury or his delegate that the facility in question is or will be in compliance with the applicable regulations of Federal agencies, and is in furtherance of the general policy of the United States for cooperation with the States in the prevention and abatement of water pollution under the Federal Water Pollution Control Act or in the prevention or abatement of atmospheric pollution or contamination under the Clean Air Act.

By crediting expenditures for pollution control facilities against Treasury payments, cash will be available for investments that would otherwise have to be made with borrowed money. Therefore, the Tennessee Valley Authority would have to borrow less and thereby obtain a savings in interest costs. This reduction in interest costs would further reduce the need for borrowing and expand the benefits to the Tennessee Valley Authority.

It is intended that eligible facilities to abate or control water or atmospheric pollution or contamination shall include all new or reconstructed facilities that are either required pursuant to existing schedules of compliance or which will be required at a future time pursuant to the Federal Water Pollution Control Act and Clean Air Act.

It is intended that partial expenditures for pollution control facilities, the construction of which will extend over more than 1 fiscal year, may be credited against payments and repayments as they accrue and prior to the actual completion of construction. Such partial expenditures may be certified prior to the time the environmental control equipment is actually put into operation.

Certain environmental control facilities utilized by the power industry such as cooling towers, electrostatic precipitators and stack-gas cleaning facilities require significant quantities of electric power for their operation. It has been estimated that in certain new power plans with high performance precipitators, SO_2 scrubbing devices, and forced-draft cooling towers, 10 percent or more of the power generating capacity of the new plant would be required to operate the environmental control devices. It is the intent of H.R. 11929 that that added increment of power-producing capacity which is required in new facilities to operate certified environmental control devices would also be considered to be a certified pollution control facility. Thus, the cost of this added increment of power producing capacities would be eligible to be credited against the repayments and investment return payments.

It is to be noted that the Federal Water Pollution Control Act and the Clean Air Act both authorize or direct the States to set pollution control standards. It is intended that the facilities installed pursuant to such State pollution control standards shall also be eligible for certification as certified pollution control facilities.

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

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

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

Second. Federal grants are provided to State and local governments for many pollution control activities. Presently, water pollution abatement facilities are eligible for 75 percent Federal grants.

Third. Private industry is provided with various tax relief devices to ameliorate the cost of pollution control equipment as well as other investments in facilities.

The tax provisions related only to pollution control equipment include the 5-year amortization provided for facilities installed in existing plants and tax-exempt status for State and local revenue bonds used for pollution control. Other provisions of the tax law provide for investment credits for new plant—7 percent for most industry, 4 percent for regulated utilities—and various liberalized depreciation procedures such as Asset Depreciation Range—ADR—which pro-

vides for a 20-percent alternation of the depreciation life of equipment—which would be available for new plants regardless of whether for pollution control or production.

Each firm makes its own decision as to which tax procedures, if any, will be most beneficial to use in accounting for new investments or additions to old facilities. The sum of all the available tax provisions can be large.

For the privately owned electric utilities, these incentives have generated more than $5 billion in tax credits and other reductions in payments to the Federal Government.

In recent years the decrease in Federal tax payments by electric utilities has been dramatic. In 1961 Federal taxes amounted to 11.1 percent of operating revenues from private systems. In 1972 this had dropped to 3.5 percent. During this period, annual operating revenues and operating income more than doubled.

While these credits and incentives accrued from the total range of investments in facilities, including pollution control, by private utilities, H.R. 11929 limits the credits available to TVA to the system's investment for environmental enhancement.

The investments paid for by the consumers of TVA power have the identical general public beneficial effects as those by private industry on control of pollution, providing of jobs, and improving the total economy of the entire Nation. Therefore, differences in the purpose, functions and control make providing the exact same advantages impossible.

The TVA, for example, has no profits subject to Federal taxes. Under the law, all, not part, of TVA income surplus to the requirements of the system would go to the Treasury.

The TVA is wholly owned by the United States. Any appreciation of the system, any accumulation of property or equipment, accrues to the United States. Yet, these enhancements are now totally paid for by charges to the users of TVA power.

At the end of 1973, the TVA's power assets were $4.507 billion. Total appropriations have been $1,404 billion. Although the system has made total payments to the Treasury of $992.9 million, the balance of appropriations was $1,035 billion. The section 15d borrowed funds, which will be retired from revenues from consumers, totaled $2.535 billion. Consumers have provided revenues for payments to the Treasury of $992.9 million plus the revenues for the retained earnings of $823.7 million or a total of $1,815 billion.

To put TVA consumers on a comparative basis in respect to environmental improvement with the general investments paid for by consumers of privately produced electric power, this legislation makes a recognition of the cost of federally required air and water pollution control programs and provides credits against required Federal payments.

The credits would be for equipment installed to meet various standards imposed by legislation which was unanticipated at the time of the 1959 TVA Self-Financing Act.

Although no appropriations would be required under this proposal, the effect would be to afford consumers of TVA power with a treatment similar to that of privately owned facilities in regard to the pollution control and other investments. That is, investments would result in a reduction of liabilities for payments to the Treasury. Cost of operation of the facilities would still be totally borne by consumers of TVA power.

The Tennessee Valley Authority power program, the Nation's largest, supplies power in most of Tennessee, in northern Alabama, in northeastern Mississippi, in southwestern Kentucky and in small portions of Georgia, North Carolina, and Virginia. This area of approximately 80,000 square miles, has a population of about 6,000,000. Within this area, TVA furnishes power to 160 municipal and cooperative electric systems, TVA, as the wholesaler of power to these distributors, provides the generation and transmission systems while local systems provide the distribution facilities and handle the resale of the power to the ultimate consumers. In addition, TVA serves directly 48 industrial customers having large or unusual power requirements and several Federal installations including AEC facilities at Oak Ridge and Paducah, NASA's Marshall Space Flight Center at Huntsville and the Air Force's Arnold Engineering Development Center at Tullahoma.

As a supplier of power, TVA's objective is the advancement of the national defense and the physical, social, and economic development of the area in which it conducts its operations by providing that area with an ample supply of electric power. In providing this ample supply of power, it has been necessary for TVA to add substantially to the 800,000 KW of generating capacity that served the area in 1933. TVA's power generating facilities now include 29 hydro plants, 12 steam plants—including the Allen plant leased from Memphis—and two gas turbine installations. Twelve hydro plants owned by subsidiaries of the Aluminum Co. of America also are operated as part of the TVA system, and eight hydro plants of the U.S. Corps of Engineers are operated in coordination with the TVA system. In addition to the power generation facilities, the TVA power system includes over 16,500 miles of transmission lines and 360 substations. Approximately 1,500 mile of these transmission lines are extra-high-voltage—500,000-volt—lines.

TVA's present generation capacity of 22,039,015 kilowatts is composed of 3,192,630 kilowatts from hydro facilities, 17,749,584 kilowatts from fossil fueled steamplants, and 1,096,800 kilowatts from combustion turbines. The capacity from Alcoa and the Corps of Engineers adds 423,715 kilowatts and 819,666 kilowatts, respectively, of additional capacity, making a system total of 23,282,396 kilowatts. In addition, to meet the growing power requirements of the Tennessee Valley area, 17,830,960 kilowatts of additional capacity is now under construction or authorized. This includes 1,530,000 kilowatts from a pumped storage hydro facility and 16,300,960 kilowatts from nuclear plants. The nuclear capacity being added represents 13 generating units of more than a million kilowatts each.

Commercial operation of the first of these, Browns Ferry Unit 1, will begin soon. The above generating plant additions are scheduled to increase system capacity to above 41 million kilowatts by the end of 1982. Thus, to continue to provide ample power to meet the region's growing requirements, TVA must almost double its generating capacity in less than 10 years.

The importance of TVA's power program is not limited to the Tennessee Valley region. TVA's electric power system is interconnected with surrounding electric power systems through a number of high capability transmission lines. TVA has entered into contractual arrangements with a number of privately owned utility companies and cooperatives whereby various services are reciprocally provided the respective parties through these interconnections. One of the important services included is the provision for diversity capacity exchange which allows TVA and other systems to exchange power on a seasonal basis thereby eliminating the need for an equivalent amount of additional generating capacity on each system. TVA is currently exchanging about 2,060,000 kilowatts of power on a seasonal basis with systems to the South, West and Northwest. Peaks occurring in fiscal year 1973 graphically illustrate the utility of the exchange arrangements. TVA's summer peak use of 15,276,000 kilowatts occurred July 26, 1972, but its peak generation, which occurred July 18, 1972, was 17,009,000 kilowatts, when the TVA system was delivering exchange power. On the other hand, the peak winter use on the TVA system occurred January 12, 1973, and amounted to 18,888,000 kilowatts. But the winter generation peak was 16,883,000 kilowatts on January 29, 1973, over 2,000,000 kilowatts less, when TVA was receiving exchange power.

These contractual arrangements between TVA and other electric power systems also include such services as the concurrent exchange of power and provisions for furnishing maintenance energy and emergency assistance. Emergency assistance between interconnected systems is quite important since power can flow back and forth when needed to help relieve emergency situations that sometimes threaten the reliability of electric power service.

Practically all power systems east of the Western United States, with the exception of those systems in Texas, and systems covering much of Canada are linked together by a large network of interconnections. Since TVA constitutes a sizable portion of this network, the TVA power system adds substantially to the reliability of the Nation's power supply.

To help assure adequate electric power not only for the consumer of the Tennessee Valley region but also for the en-

tire country, TVA participates in many electric power utility industry activities, such as the National Electric Reliability Council—NERC—North American Power Systems Interconnection Committee—NAPSIC—Electric Power Research Institute—EPRI—Atomic Industrial Forum—AIF—and many other such activities that influence the country's power industry and electric power service to the Nation's citizens and industries.

One cooperative effort in which TVA is a leading participant is the Liquid Metal Fast Breeder Reactor—LMFBR—project. TVA is participating with the AEC, Commonwealth Edison Co. of Chicago, Breeder Reactor Corp., and Project Management Corp. in the construction and operation of this Nation's first large-scale demonstration project of this type. The plant, which will be in the range of 350–400 megawatts, is presently proposed to be located on the TVA system near Oak Ridge, Tenn. The project is estimated to cost about $700 million with pledges amounting to about $250 million to be obtained from all segments of the utility industry, including privately, publicly, and cooperatively owned companies. Of this amount, TVA has pledged about $22 million over a 10-year period on behalf of itself and its distributors and will provide approximately $2 million in nonreimbursable services to the project. Since liquid metal fast breeder reactor technology appears to have the best potential for meeting future energy requirements in an economical and environmentally acceptable manner the experience and knowledge gained through work on this project should be quite beneficial to TVA and the Nation.

From the very start, the Tennessee Valley Authority has been concerned with the environment and the quality of life for the people of the region and elsewhere. The concern is in response to the congressional mandate to encourage conservation and wise use of resources.

TVA has demonstrated its belief in environmental quality in many ways. For example, although the valley is much more heavily populated than in 1933, and although there has been extensive industrial growth along the waterway, the river's waters are generally of higher quality than they were before the reservoirs were created. Only a few years after TVA was in operation, TVA surveyed the waters of the valley to determine their quality and to identify problem areas that existed. Based in part on the results of the survey, the Authority determined that antipollution covenants should be contained as a condition in deeds in which TVA transferred land to others for developmental purposes.

Coal, even before TVA, was a major source of home and industrial energy for the people of the Tennessee River Valley. Before TVA, the winter skies of the cities were dark from the smoke and soot from thousands of individual home fires and scores of industrial facilities.

Coal is still the primary fuel for the energy produced by the TVA but the difference is a cleaner environment.

The polluting effects of burning coal at central power stations can be attacked in ways that would be impossible if this coal were still burned in thousands and thousands of individual homes and businesses. From the standpoints of technology and economy, it is far more environmentally advantageous to have the required amounts of energy from coal consumed at large central facilities such as provided by TVA.

In the 1940's, before becoming a major coal purchaser, TVA surveyed the effects of strip mining in the valley area. Using this information, initial experiments and demonstrations of reclamation techniques were established. State action to control and regulate strip mining was urged on a comprehensive basis by State and Federal legislation. In 1965, TVA adopted a policy requiring reclamation under its coal purchase contracts. TVA took this action to demonstrate the effectiveness of reclamation requirements and to assure the reclamation of all areas being surface mined to supply coal to TVA. Through the years TVA has strengthened these contract provisions.

In recent years, the need to assure a quality environment has given rise to new laws and regulations which evidence the Nation's environmental concern. They set forth a number of new requirements which will result in substantial investments in pollution control facilities at electric power generating plants. Because they are relatively new these laws are subject to a variety of interpretations.

Until these new laws concerning environmental controls have been further interpreted by the courts and regulatory agencies, it is not possible to precisely establish the costs which will be incurred by TVA for pollution control at its steam plants. Nevertheless, based upon the TVA's best interpretation of the laws and discussions with State pollution control agencies, the Authority has planned a TVA program for environmental controls.

The capital costs involved in the TVA program are outlined as well as potential costs should the TVA be required to expand upon the planned program. The difference in cost is substantial. The capital investment for the total planned TVA program, including investments made to date, would be $570 million. Capital costs for controls which the TVA believes are not needed, and which the Authority is resisting, could add as much as $1.65 billion to this program.

Investments by the public sector of the economy—such as TVA—have exactly the same beneficial result as investments by the private sector for such things as pollution control, providing employment, improving safety, or other objectives of the incentives.

In the case of the TVA, the cost of the investments is a direct charge to the consumer just as the costs of investment in facilities are reflected in the rates paid by consumers of power produced by a private utility.

H.R. 11929 recognizes that the pollution control investments by the consumer of TVA power have the same beneficial national objectives as investments by the private sector.

While the proposal to credit TVA with pollution control expenditures has been patterned after similar incentives already provided to private firms for pollution control and other investments, the differences in the nature of the two types of systems make exact parallels impossible.

Estimates vary as to the value of the tax laws concerning investment credits, accelerated amortization, and liberalized depreciation to private firms. A spokesman for the private utility industry suggested the value to be 50 percent of the cost of investment. This would include pollution control equipment as well as income-producing facilities such as generators.

The result of these incentives would vary from firm to firm according to the tax situation of each. The results can even be different for adjacent systems with the same ownership.

In 1971, before the full effect of the most recent tax laws changes was realized, at least 10 percent of the class A and B electric utilities reported Federal income tax refunds rather than payments. For 126 of the 206 systems in class A and B, 1971 Federal taxes were less than the previous year.

While the incentives available to private systems apply to 100 percent of their investments in equipments, whether for pollution control or not, the legislation, H.R. 11929, as reported, would apply only to the TVA pollution control investments, which account for about 20 percent of the Authority's total investments in facilities.

Neither does the legislation provide a means of credit for all past or future pollution control investments by TVA. The legislation ignores investments made before fiscal year 1974. The credits will be available so long as there is an appropriated balance against which to apply the credit.

In that sense, the proposal only provides a solution to the problem of environmental investment costs for a short time.

To a degree, the suggestion that private utility firms be accorded a 100-percent credit presents questions as to the applicability to such systems. For example, the total Federal tax payments of all private electric utilities in 1972 was $889 million. The estimate of the cost of pollution control to the industry the same year was $1.144 billion—$255 million more than the total tax liability.

There is a likelihood that the systems with heavy environmental costs would be the same firms with a heavy rate of general investment which would already have reduced or completely eliminated the tax liabilities.

In any event, the proper place for the examination of the possible ramifications of any alterations in treatment private firms should receive is in the committee with jurisdiction over such matters.

The TVA and its power program are a vital resource program of the United States. The Congress has set forth its objectives in the advancement of the national defense and the physical, social, and economic development of the area in which it conducts its operations by pro-

viding that area with an ample supply of electric power.

In recent years the total amount of the investment required to realize that objective has been huge. The investment will grow larger in the future.

Although the ownership of the system is entirely by the United States, the capital funds for the investment in sites and facilities have been provided by the consumers of electric power in the form of retained earnings or from long-term borrowing backed by the sale of electric power.

The investments by the TVA consumers have the same beneficial results in the economy and in control of pollution as the investments made by private firms.

In recognition of this, H.R. 11929 will permit TVA to credit its pollution control investments against its presently required payments to the U.S. Treasury. It will enable the electric ratepayer in the Tennessee Valley to share some of the cost of added power facilities with the general taxpayer, as do consumers of private power companies—rather than continuing to pay for all of TVA's pollution control costs. The TVA power system will continue to grow, thus providing the Federal Government with a growing asset without additional appropriations or grants from the Federal Government.

I urge your approval of H.R. 11929 as reported from the Committee on Public Works.

Mr. EVINS of Tennessee. Will the gentleman yield?

Mr. JONES of Alabama. I yield to my friend.

Mr. EVINS of Tennessee. I thank my friend for yielding.

I want to associate myself with the remarks of the distinguished gentleman from Alabama (Mr. JONES), who has brought forth this necessary bill at this time.

I want to ask the gentleman if it is not true that private utilities today are getting tax writeoffs and tax credits for all *moneys* expended for pollution control devices installed?

Mr. JONES of Alabama. Yes; not only that, but they have three methods for offsetting them under the Revenue Acts of 1954, 1962, 1969, and 1972. The last of these was in recognition of the fact that the requirements for arresting emissions under the Clean Air Act and the Water Pollution Control Act called for certain requirements to be met.

Mr. EVINS of Tennessee. We are all interested in abating pollution. This bill would give the Tennessee Valley Authority credit for money expended for that purpose, whereas the private utilities get a tax writeoff for similar expenditures. If the gentleman from Illinois (Mr. FINDLEY), who spoke earlier against the bill, would like to offer an amendment or a separate bill for that purpose, I am sure it would be adopted in line with the policy established in this legislation.

I want to commend the gentleman from Alabama (Mr. JONES) again. This bill is quite necessary and needed.

There have been seven electric power rate increases in the past 6 years in this area because of expenditures incurred in the pollution control field. There have been more than $1,450 million paid back into the Federal Treasury by the Tennessee Valley Authority over the years, and this year alone some $80 million from power revenues of the TVA will be paid back into the Treasury. The TVA is a Federal Government owned agency. What other Government agency do we know of that pays $80 million annually into the Treasury? This bill will provide some relief for TVA and the people of the area in regard to pollution control costs. I urge its adoption.

Mr. Chairman, I want to associate myself with the remarks of the distinguished gentleman from Alabama (Mr. JONES) and commend him for his sponsorship of this bill H.R. 11929, a bill to authorize the Tennessee Valley Authority to charge pollution control costs against its repayments to the U.S. Treasury.

I commend the gentleman from Alabama (Mr. JONES) also for the excellent hearings he conducted on this bill as chairman of the Subcommittee on Economic Development and I commend the gentleman from Minnesota, chairman of the full Committee on Public Works (Mr. BLATNIK) for his expeditious handling of this vital and important legislation.

We are looking to this bill to provide some much-needed relief to the people of the Tennessee Valley who recently received their seventh electric power rate increase in the past 6 years.

This bill should avert any further rate increases by placing TVA in a better financial position and reducing the amount of its annual statutory required repayments into the Treasury.

Since its creation in 1933, the Tennessee Valley Authority has been a national model for the generation and distribution of low-cost electric power. It has been widely acclaimed for its low-cost "yardstick" policy.

TVA is now in danger of losing its low-cost power yardstick image as a result of its several rate increases aggregating more than 80 percent since 1967.

Pollution control measures required by the Environmental Protection Agency are becoming a greater and greater cost factor and expense. Private utilities are given a tax credit or tax writeoff for costs of environmental protection devices installed.

TVA repayments to the Treasury have totaled more than $1 billion 141 million since its inception.

In fiscal 1974, TVA will make a $20 million payment toward its appropriations investment and a $63 million payment as a dividend—a total repayment into the Treasury of $83 million in 1 year.

Indications are that TVA will spend $170 million on pollution control equipment in fiscal 1974.

TVA power rates are rising more rapidly than those in the Nation as a whole.

TVA customers in many instances are paying higher electric bills than other consumers in the Nation because 4 out of 10 homes in the Tennessee Valley area are all-electric—they use large amounts of electricity. Industry electricity costs in the area have also been increased greatly.

This bill is similar to tax relief already granted private utilities to ease the financial burden of pollution control.

As a Federal agency TVA should receive equal tax treatment with private utilities.

In addition, Federal grants are being provided to State and local governments for many pollution control activities.

But TVA must now bear the entire cost of providing pollution control expenses. This bill will provide some needed relief.

Presently, these costs are passed on to the electric consumers in the Tennessee Valley area who already are overburdened with increasing electric power rates.

Our people need and deserve relief from the escalating power rate increases which this bill provides.

I urge approval of H.R. 11929 in the public interest.

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

Mr. Chairman, I rise in support of H.R. 11929. This bill reflects the fact that the growing cost of environmental controls is detracting from the ability of the Tennessee Valley Authority to meet goals and objectives set for TVA by the Congress.

Mr. Chairman, the Tennessee Valley Authority is a great national asset. The Authority was established by the Congress in 1933 as a multipurpose resource agency to work on conservation, development, land use, and other conservation-related programs. The Tennessee Valley Authority has not only realized but has exceeded the hopes and dreams of the leaders of the TVA legislation in Congress and the people who live within the Tennessee Valley.

The Tennessee Valley Authority is charged with and has carried out the broadest duty of planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin and its adjoining territories for the general, social, and economic welfare of the Nation. Power production is a vital element of the total program of the Tennessee Valley Authority.

Mr. Chairman, the Authority is a federally owned resource development agency. Many of the benefits of the Authority accrue not only to the residents of the region, but also to the Nation. These include the Authority's funded environmental, research, and development programs; the providing of low-cost reliable power to the Atomic Energy Commission; participation in the national power grid with concomitant benefits to our friends in the Northeast, particularly in the summer time when the TVA has surplus power which is available to other power-short parts of the Nation; and the demonstration of the capability of producing low-cost power which acts as a national control on the cost of power.

The Tennessee Valley Authority, like other power producing systems, must

comply with all of the environmental controls applicable to any other power system set forth in the Federal Water Pollution Control Act and the Clean Air Act. These programs require the expenditure of vast sums of money. The Authority, like other power producing systems in the United States, has had to make extensive borrowings to acquire the capital required for environmental controls as well as expansion.

Unlike other power producing systems in the United States, Tennessee Valley Authority consumers must pay the full cost of these expensive environmental controls and the full cost of expansion. The consumers of other power systems benefit from the various provisions of tax laws which apply not only to environmental control equipment, but also to all capital expenditures. I want to emphasize this point because it is most important. The credits which are addressed in H.R. 11929 apply only to environmental control equipment and not to the other capital expenditures. Expenditures for environmental control equipment will be approximately 20 percent of the TVA budget. All the other capital expenditures for which TVA would get no credits under H.R. 11929 amount to 80 percent of the capital expenditure budget.

Mr. Chairman, H.R. 11929, which we bring before you today under the leadership of BOB JONES of Alabama, is intended to provide benefits to the Authority and its customers which are similar to those currently available to the private power companies and their customers. For example, under current laws, the Authority and its customers receive no credits for expenditures of pollution control equipment and other capital investments while private power companies get various writeoffs under the internal revenue code. The Authority must pay back all borrowed capital while the receipts for shares of stock in private companies are not paid back.

Again, I wish to note clearly that H.R. 11929 would provide credits only for certified pollution control equipment while the private companies have the opportunity to use accelerated depreciation and investment credit provisions of the Internal Revenue Code for all eligible investments and not just for pollution control facilities.

We believe the Authority is somewhat disadvantaged as compared to private utilities in terms of bearing the full cost of environmental control equipment and the cost of expansion. It is argued that the Authority does not pay Federal income taxes, and that, therefore, the provisions of the Internal Revenue Code for private industry are not relevant arguments for giving credits to the Authority. This is not a valid argument. I want to make this clear today. The Federal Government by way of tax relief pays a significant percentage of the cost of environmental control and other capital equipment installed by private industries. H.R. 11929 would provide similar but only partial benefits which are currently available to the private power companies.

H.R. 11929 provides for credits for expenditures for pollution control facilities. These pollution control facilities must be certified by the TVA and the Administrator of the Environmental Protection Agency. It is intended by our language that eligible facilities to abate or control water or atmospheric pollution or contamination shall include all new or reconstructed facilities that are either required pursuant to existing schedules of compliance or which will be required at a future time pursuant to the Federal Water Pollution Control Act and Clean Air Act.

It is intended that partial expenditures for pollution control facilities, the construction of which will extend over more than 1 fiscal year, may be credited against payments and repayments as they accrue and prior to the actual completion of construction. Such partial expenditures may be certified prior to the time the environmental control equipment is actually put into operation.

Certain environmental control facilities utilized by the power industry such as cooling towers, electrostatic precipitators and stack-gas cleaning facilities require significant quantities of electric power for their operation. It has been estimated that in certain new power plans with high performance precipitators, SO_2 scrubbing devices, and forced-draft cooling towers, 10 percent or more of the power generating capacity of the new plant would be required to operate the environmental control devices. It is the intent of H.R. 11929 that that added increment of power producing capacity which is required in new facilities to operate certified environmental control devices would also be considered to be a certified pollution control facility. Thus, the cost of this added increment of power producing capacities would be eligible to be credited against the repayments and investment return payments.

Mr. Chairman, it is a distinct pleasure for me to be one of the managers of H.R. 11929 today. It is a pleasure for me for a number of reasons, first, I believe in the goals and objectives of H.R. 11929. Second, it has been a pleasure for me to work on this bill within our own Committee on Public Works led by Chairman BLATNIK and Congressman HARSHA. Finally, I have been privileged to work with my good friend Mr. JONES of Alabama on this bill. I know of no member who works more tirelessly or ably than my good friend from Alabama. He has been a leader in the development of the power program at the TVA as well as in development of water resources throughout the Nation. His contribution to this legislation and his leadership have been outstanding.

I would like to share with my colleagues that H.R. 11929 would contribute to our national program for a clean environment, as well as our national program to make us self-sufficient and not reliant on other nations for our energy supply.

I urge your support of H.R. 11929.

Mr. BAKER. Mr. Chairman, I yield 2 minutes to the gentleman from Kentucky (Mr. SNYDER).

Mr. SNYDER. Mr. Chairman, I, of course, oppose the bill as reflected in the minority views.

Let me just say this: If a member represents constituents who are served by TVA, you should support the bill—as the antipollution equipment at the generating facility will be paid for by all the taxpayers in the country and not by your constituents in increased rates.

On the other hand, if a member represents an area served by other than TVA, you should oppose the bill as your constituents are going to pay for the antipollution equipment at the generating facility serving them through increased consumer rates—and will also pay for the same equipment for TVA consumers through their taxes to the Federal Government.

It is just that simple.

Mr. BAKER. Mr. Chairman, I yield such time as he may require to the gentleman from Tennessee (Mr. DUNCAN).

Mr. DUNCAN. I thank the gentleman for yielding.

Mr. Chairman, I am a cosponsor of this bill, and I strongly urge my colleagues to vote for its passage. I also want to compliment the gentleman from Alabama (Mr. JONES) and the gentleman from Tennessee (Mr. BAKER) for the leadership that they have given, and I also want to compliment all the members of the Committee on Public Works, a committee that I had the privilege of serving with some years ago before I went to another committee. I am aware of the fact that many of my colleagues are of the opinion that the TVA is an agency that serves only the seven States in its prescribed territory. As has been stated, the TVA serves the entire Nation. There is not a power system east of the Rocky Mountains that has not somewhere, at some time, benefited because of the power produced by the TVA. Bear in mind that that power was paid for by the consumers of TVA power in the TVA territory.

This is a good bill; it is good legislation and fair; and I urge all of my colleagues to support it.

Mr. BAKER. Mr. Chairman, I yield such time as he may require to the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. I thank the gentleman for yielding.

Mr. Chairman, I spoke for the rule and for the passage of this measure a moment ago, but I want to repeat: the Tennessee Valley Authority expenditures for pollution control should be credited by the U.S. Government, so these credits could accrue to the benefit of all the people. I remember back when they started to create the atomic bomb, TVA had a great part to play in the establishment of that facility at Oak Ridge. Today TVA is experimenting in various ways to produce cheaper electricity which will benefit power consumers. TVA has paid back to the Government millions of dollars—yes, millions and millions of dollars—during past years and will pay back more in years to come. I think it is only

proper that this bill be passed—it is long overdue.

I would say the way power costs to consumers are spiraling, anything we can do to reduce those rates for the benefit of the people is money well spent.

I congratulate the committee for promptly reporting this measure, and I am proud to be a cosponsor with other colleagues.

Mr. Chairman, I urge the passage of this bill without amendment.

Mr. BAKER. Mr. Chairman, I yield 2 minutes to the gentleman from New Hampshire.

Mr. CLEVELAND. I thank the gentleman from Tennessee for yielding time.

Mr. Chairman, the gentleman from Kentucky (Mr. SNYDER) and I have offered minority views in the committee report. It is not my purpose now to repeat those views, but I think there are a couple of points in those views that should be called to the attention of this committee.

First of all the gentleman from Kentucky and I, because we serve on the Public Works Committee, have come to know something about the TVA. I think it is fair to say that we both have been quite enthusiastic about this institution. It has done a great deal of good for many people over a long period of time and under no circumstances do I want my criticism of this bill to be construed as critical of the TVA. That is No. 1.

No. 2, I think it is proper that the committee should address itself to the cost the TVA is being forced to pay, because of our pollution programs and particularly is this so because some of the most costly pollution control programs they are being forced to pay for are the products of the Public Works Committee. I have been concerned about the burdens this committee has imposed on both public and private organizations, costs that may come back to haunt us. I am glad the committee is taking initiative in this regard and I applaud it.

But I come now to my final point. If we are doing this, let us make it fair and let us not make it 100 percent for TVA and 50 percent for other companies who may be forced to face these expenditures.

Remember this. The staggering environmental cost does not only apply to utilities. Those costs apply also to industries in my district and in the districts of every one of the Members of this House, they apply to private industries and to job producing industries, they apply to farmers small and large, and small and large businesses. So if we are going to give 100-percent funding for the necessary expenditures by TVA to meet our environmental requirements, which we have ourselves enacted, then in all fairness we should do it 100 percent across the board for all other hard-pressed businesses and small farmers and small businesses.

When we have concluded our debate I will offer an amendment. This amendment takes one approach. One approach would be of course 100-percent funding across the board for everybody. That would be fair but it would be enormously expensive. My approach is simply to reduce the funding for TVA to approximately 50 percent, which is the approximate tax writeoff that a private utility would take. For smaller business, of course, it would not be 50 percent, but I think this is a step toward equity and fairness. At the proper time I will offer the amendment, the explanation of which is set forth succinctly in minority views in the report.

In conclusion, the House should be warned that if my amendment is not adopted and if the bill passes, then we will face the well justified request for full Federal funding of all pollution control costs. These almost incomprehensible costs would haunt this House for years to come.

Mr. BAKER. Mr. Chairman, I yield to the gentleman from California (Mr. DON H. CLAUSEN) such time as he may consume.

Mr. DON H. CLAUSEN. Mr. Chairman, I rise in support of the legislation.

Mr. Chairman, as we consider H.R. 11929, I think it is important for us to recognize that this bill which I support is one of the first examples of legislation which will be introduced and enacted to provide financial relief in some form from the very high cost of environmental control facilities. I think we should recognize that we are going to have more bills such as H.R. 11929 which seek to provide assistance to meet the heavy costs that environmental legislation has imposed. These costs are paid by consumers and taxpayers.

I think it is appropriate to call to the attention of this body that the Committee on Public Works which developed Public Law 92–500, the 1972 amendments to the Federal Water Pollution Control Act, recognized that we did not know the full costs and impacts of the stringent water pollution control requirements for 1983. Because of this we provided in section 315 of Public Law 92–500 for the establishment of the National Commission on Water Quality. This Commission which is made up of five members from the public and five members from both the Senate and House Committees on Public Works. The Commission now includes such distinguished leaders in the development of water pollution control legislation as BOB JONES of Alabama, and BILL HARSHA of Ohio. It is chaired by Nelson Rockefeller and is charged with evaluating the costs and impacts of meeting or not meeting the water pollution control requirements for 1983.

Over a year has passed since the Water Pollution Control Act amendments were enacted and even more time has passed since the Clean Air Act was enacted. It is now time to make a thorough review to evaluate the results that have been achieved, to determine whether the law has been implemented as intended by the Congress, and to determine whether the full costs and impacts are in line with our expectations when the legislation was developed. Because of energy shortages, inflation, and a better idea of the results, costs, and impacts of environmental legislation, there appears to be a realization by everyone knowledgeable in the area of environmental affairs that the National Commission on Water Quality has an important task to accomplish. Perhaps the time has come to have similar reviews of air pollution control legislation. We have learned much since the law was enacted and I believe it would be timely to have such a review. I do not intend that such a review would be to reduce the requirements, but rather to evaluate the accomplishments and determine what the road ahead should be.

Mr. Chairman, it has been a distinct pleasure for me since LAMAR BAKER has come to the Congress to work closely with him on the legislation program of the Committee on Public Works. He has demonstrated an active interest in all of our legislation, has been active in our hearings and meetings, and has introduced bills which have led to the development of important new laws. LAMAR BAKER, the minority floor manager of H.R. 11929 today, and a Member of Congress and our committee for only 3 years, has again demonstrated his legislation qualities which are so valuable in this body. His constituents have reason to be proud to be represented by such an able and industrious Member of Congress.

In closing, Mr. Chairman, I wish to commend BOB JONES of Alabama, for his leadership on the committee in the development of H.R. 11929 and the rest of the legislative program of the Committee on Public Works. We are indeed fortunate to benefit from his leadership.

Mr. BAKER. Mr. Chairman, I have no further request for time.

Mr. JONES of Alabama. Mr. Chairman, I yield myself 1 minute.

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

Mr. JONES of Alabama. I yield to the gentleman from Texas.

Mr. PICKLE. Mr. Chairman, I rise in support of the measure.

This bill makes an amendment to the TVA Act and limits consideration priority to that specific act.

I can see why the TVA is experiencing high costs in its water pollution control equipment. This high cost is typical to most if not all the other river authorities in the country. I also realize that TVA has raised rates 4 or 5 times in recent years, and that TVA burns coal almost exclusively.

At the same time, if the principle of this bill is approved, then it should be in order for other public authorities to likewise qualify for relief. Apparently that method would lie with the Ways and Means Committee. But whatever jurisdictional approach is deemed best it should be in order. Members of the committee assure me that the bill would or could set the precedent if a river authority or municipality qualifies under a similar set of facts.

The Lower Colorado River Authority in my district may build a transmission plant within the next year or two, and it may burn coal or lignite. If such a facility is recommended, I want to alert my

authority about those possibilities. Moreover, the LCRA may well qualify for some present credit under existing circumstances for regular high costs of pollution control equipment, and believe me, these costs are high.

I support this specific bill to give relief to TVA only, but I think other authorities or municipalities may well be considered for similar credits.

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

Mr. JONES of Alabama. I yield to the gentleman from Kentucky.

Mr. STUBBLEFIELD. Mr. Chairman, I rise in support of this measure.

Mr. FULTON. Mr. Chairman, the cost of energy in America today is moving upward at a dizzying rate. Rapidly rising costs of energy fuels is a primary contributor to this inflation but can not be blamed entirely. \nother significant but necessary incremental cost is the expense of maintenance and restoration of quality to our environment. These latter considerations have been weighed by the C "ress and implementation of measures necessary for this undertaking are moving forward as a matter of firm and established public policy.

What this legislation will do is to provide a more equitable distribution of the impact of these environmental quality costs as they relate to power production and power consume rates.

Under present Federal law an unusual paradox exists. Private power companies enjoy tax writeoffs or credits for expenditures for pollution control equipment and programs. This has been made possible, because the Congress believes that environmental control produces highly desirable social benefits which contribute to the general welfare. This is a belief which I also firmly hold.

The paradox exists in that the Tennessee Valley Authority, a Federal corporation which is owned by the people of the United States, receives no commensurate credit for its environmental quality costs, costs which are currently running at a rate of about $150 million a year. As a result TVA power consumers are currently paying directly for this effort through their power bills.

This legislation would give TVA a more equitable consideration for these expenditures, a consideration similar to that enjoyed by the private power consumers.

Thorough hearings were conducted on this legislation by the Public Works Water Resources Subcommittee under the able chairmanship of the gentleman from Texas (Mr. ROBERTS). However, the impetus and guidance for the bill came from the gentleman from Alabama (Mr. JONES) to whom we all owe a considerable expression of gratitude.

Mr. Chairman, this legislation is worthy, is needed and is most proper. I respectfully urge its passage.

Mr. MICHEL. Mr. Chairman, I rise in opposition to H.R. 11929 for I believe this legislation runs counter to sound Government fiscal policy.

This bill would amend section 15(d) of the Tennessee Valley Authority Act of 1933 to provide that expenditures by TVA for pollution control facilities be credited against its required payments to Treasury as an annual return on its appropriation investment in power facilities as well as its annual repayment on the appropriation investment itself. These payments amounted to $83.4 million in fiscal year 1974.

Prior to 1959, TVA received virtually all of its funds from congressional appropriations.

That year, Congress approved revenue bond financing for TVA as a means of financing the future power needs of its consumers. In so amending the TVA Act, however, Congress placed two stipulations on this agency:

First. It limited TVA's horizontal expansion.

Second. It required TVA annually to pay interest on its appropriated investment in power facilities and to pay off $1 billion of the principal over a scheduled period. So far the Authority has repaid $200 million on the $1 billion in principal.

Passage of H.R. 11939 will abrogate this commitment Congress made to the Nation's taxpayers in 1959. While many arguments may be advanced to demonstrate why enactment of this bill would be unwise, this reason alone, in my opinion, is perhaps the most important. Passage of H.R. 11929 would free the TVA and its customers from financing their pollution control equipment and require that these costs be paid by the taxpayer.

Some supporters of this bill have used diversionary tactics to focus attention away from the new taxpayer subsidy for TVA stating that private companies are presently given certain credits against Federal income tax liabilities for investment in pollution control facilities and TVA and its power customers should be extended the same benefits. They point to the basic 48-percent corporate tax rate, the 4-percent investment credit, and the temporary accelerated depreciation schedules for environmental equipment which expires this year.

Unfortunately, they fail to consider the fact that one must pay Federal income tax before such tax deductions come into play and TVA pays no Federal income tax. If TVA made such payments, this argument might be valid. But to use such an argument it is necessary to apply the same income tax rate—or and in lieu of tax payments—on TVA and its consumers as now applies to private companies and their customers.

Let me assure you that such action in this direction would result in a hue and cry from TVA partisans that would ring long and loud through the halls of this Congress as TVA customers would be faced with paying the same costs in their power bills that power consumers from other areas must pay. TVA customers would learn at last that the low TVA residential rates, for example, are not necessarily the result of "economies through greater volume of use" as the majority report states, or better management, or Government operation, but from the past advantages of layers of low interest financing and freedom from Federal income tax. So far, TVA's average residential rate for power is 1.5 cents a kilowatt hour as compared with the average of 2.4 cents charged by private utilities which must include the full cost of taxes and interest in their rates. TVA's phony yardstick so often used to measure the fairness of electric rates throughout the country will again be shortened if this bill is passed.

Mr. Russell Train, Administrator of the Environmental Protection Agency, aptly pointed out the subsidy included in this bill in a letter to the House Public Works Committee opposing H.R. 11929. He said:

> A dangerous precedent would be established by passage of H.R. 11824 (H.R. 11929) in that the cost of pollution control would not be borne by those responsible for it, but would be borne by the general taxpayer—such costs, in effect, would be subsidized.

Mr. Train further noted in his opposition to this legislation:

> Its rates [TVA's] establish a yardstick for setting the rates of the electric power industry as a whole. We, therefore, believe that the true cost of producing power (including the costs of abating pollution caused by generating facilities) should be reflected in TVA's rates.

Thus, this bill would create additional inequities among electric power users in other areas of the country who have no similar benefit. As a result, a consumer outside the TVA service area would pay for pollution control equipment twice; first, from his supplier of electric service through increased rates, and second, he would also pay for TVA pollution control equipment since this bill would allow TVA to deduct the cost of its equipment from its repayment to the U.S. Treasury.

Mr. Train further stated that the proposed legislation would not be consistent with the administration's program related to public and private sectors of pollution control equipment.

A major purpose of the TVA Revenue Bond Act of 1959 was to make the power program of the corporation self-supporting. This concept would be completely reversed by passage of this bill.

The general counsel of the Treasury stated in his letter of opposition to H.R. 11929 that passage of this legislation would understate the power program expenditure of TVA and inflate its retained earnings.

He said:

> In essence, this failure to disclose a cost of operations would be tantamount to back-door financing and appears to be the kind of procedure which Congress itself is attempting to eliminate in proposed legislation to control expenditures and establish national priorities soon to be considered by the Senate.

This bill is one of the most flagrant examples of special interest legislation that has been brought before the Congress for some years. Its real objective is to keep the already subsidized power rates of TVA artificially low by socking it

to the taxpayers and power consumers in other areas of the country. I strongly oppose the burdening of my constituents with paying TVA's cost and welcome the support of other Members in joining this opposition. Now is not the time to favor them with further subsidies over other citizens.

People today work harder and longer hours in an effort to keep abreast of the increased cost of living created by inflation—most of which has resulted from giveaway programs by politicians who have long forgotten how to say the word "no" and make it stick. People, everyday become more and more fed up with reckless and irresponsible spending and subsidy programs being approved by Congress—an example of which we are faced with today. I suggest that any Member who is seriously considering supporting this bill should first consider how he plans to rationalize his vote at a time when his constituents are devoting their evenings preparing their 1973 income tax *forms* and many sleepless nights worrying about meeting this financial obligation to the Federal Government on April 15.

Congress in 1959 took a great step forward toward making TVA's power program self-supporting. This was an action for which every person in the Tennessee Valley should have been proud for it removed a segment of their economy from being stepchildren of the Federal Government and placed this responsibility on *local* people where it belongs. Passage of this bill today will wipe out this progress that has been made in the last 14 years to make the TVA program self-supporting and face the people of the TVA area backwards into the dark eras of the past.

H.R. 11929 is but the first step. This bill is designed only to help keep TVA from increasing its artificially low rates while continuing to meet new costs of operation by placing these costs on the taxpayer. If approved, it is unlikely that Treasury will ever receive further repayments from TVA on its power investment.

What then is the next step when new costs arise that will increase TVA's power rates. If the philosophy of this bill is applied, there is a good chance that TVA will return to Congress and request that its basic act be changed so that once again TVA can obtain free congressional appropriations at the expense of the remainder of the country to keep its rates low. Once Congress gives in on the Treasury repayment issue it is just a short step back to reestablishing the congressional appropriations procedure for TVA.

I strongly urge that H.R. 11929 be defeated. It is bad fiscal policy. It is bad environmental policy. It is special interest legislation that provides financial advantages to one section of the country at the expense of others. I hope other Members will join with me in this effort.

Mr. Chairman I include at this point an item from the New York Times on the subject which I consider very appropriate:

POLLUTION FUND FOR TVA BACKED—HOUSE BILL WOULD REQUIRE 100 PERCENT FEDERAL SUBSIDY

(By E. W. Kenworthy)

WASHINGTON, March 18.—A little noticed bill, favorably reported six days ago by the House Public Work committee, would require the Federal Treasury to pay the total cost of air and water pollution control facilities installed by the Tennessee Valley Authority.

The 100 percent Federal subsidy, which would begin in the fiscal year 1975, could amount to $150-million a year, according to the committee report.

The TVA, a corporation of the United States Government, was created by Congress in 1933 to bring cheap power and other economic benefits to the relatively undeveloped area of the Tennessee River and its tributaries. It is now the nation's largest producer of electricity. It pays no Federal taxes, but makes payments to the states and cities in the area in lieu of local taxes.

At present, TVA's average residential rate for power is just under 1.5 cents a kilowatt hour, compared with an average of 2.4 cents charged by private utilities. Average residential consumption in the authority's system is 15,000 kilowatt hours a year, compared with just over 8,000 in areas served by private companies.

FROM TVA STATES

The principal sponsor of the subsidy bill is Representative Robert E. Jones, Democrat of Alabama. There are 17 co-sponsors, all from the seven states in which T.V.A. operates.

The bill has the enthusiastic support of Aubrey J. Wagner, the T.V.A. chairman. It is opposed by the Treasury Department, the White House Office of Management and Budget and the Environmental Protection Agency.

Electric cooperatives and municipally owned systems are expected to support the bill if they believe its passage would provide a precedent for Federal subsidies to pay the cost of pollution control in their systems. Should it pass, private utilities are certain to demand an equalization subsidy by way of tax benefits.

And that is one of the reasons that the Administration opposes the bill. In a letter to the committee chairman, John A. Blatnik, Democrat of Minnesota, on March 6, Edward F. Schmults, the Treasury general counsel, said:

"Unavoidably its effect would be to shift to the general public expenses which otherwise would be borne by consumers of electricity produced by the T.V.A., and we have to regard this as an undesirable precedent for Federal absorption of pollution controls costs generally."

"DANGEROUS PRECEDENT"

In another letter to Mr. Blatnik on Feb 28, Russell E. Train, administrator of E.P.A., also warned against setting "a dangerous precedent" for Federal subsidy of all pollution control. He also asserted that the subsidies would be inequitable to taxpayers outside the T.V.A. area who would be taxed to pay for the authority's pollution control while at the same time paying higher rates to cover such costs passed on to consumers by private utilities.

Furthermore, Mr. Train said, "artificially low-priced electricity could increase demand when the over-all national goal is to conserve all energy to the maximum extent possible."

This is how the Jones bill would work:

In 1959 Congress amended the T.V.A. act to provide (1) that, beginning with the fiscal year 1961, power plant construction would no longer be funded by Congressional appropriations but by T.V.A. revenues and bond issues, and (2) that T.V.A. would repay $1 billion of past appropriations at the rate of $10-million a year for the first five years, $15-million a year for the second five years and $20-million a year thereafter, plus interest on the unpaid remainder.

So far, the authority has paid just over $200-million on the $1-billion of principal. In this fiscal year, the payment of principal and interest will be about $83-million.

The Jones bill permits a credit against the annual principal and interest of the capital cost of new pollution facilities. These include taller stacks for dispersion of pollutants, hydrostatic precipitators to eliminate soot, limestone scrubbers to reduce sulphur dioxide emissions from plants fired by high-sulphur coal plus the cost of power to operate them, water cooling towers, storage ponds and waste removal.

The bill also provides that if the annual equipment costs exceed the principal and interest in any year, then the excess can be applied to reducing the principal further.

Mr. BEARD. Mr. Chairman, I rise in support of H.R. 11229, which I was pleased to be able to cosponsor with a number of my Tennessee Valley colleagues. I will be very brief.

The benefits to the average residential customer of allowing TVA to credit its investments in pollution control equipment against its annual payments to the U.S. Treasury will be tremendous. The first year reduction in the TVA's cash requirements under H.R. 11229 has been estimated at $83.4 million, which works out to approximately 11 percent of the average electric bill. Further, the value of the proposal to TVA power-users could increase each year as the TVA's cost requirements were reduced through the credit, and a lesser need to borrow money.

Mr. Chairman, rates for the average TVA-region household have skyrocketed in recent weeks, in some cases increasing as much as 200 percent in 1 month. I feel that any proposal which can help reduce this awesome burden must be favorably acted on as quickly as possible.

This legislation will put the TVA on an equal plane with private industry, in allowing it to receive some financial benefits from its effort to combat air and water pollution. We all agree that antipollution devices are good: They help to restore and preserve our environment. But, they are also expensive. Attempts to fulfill the requirements of the various EPA standards have sometimes resulted in ruin for the small businessman. Now, I am surely not suggesting that TVA is being forced into bankruptcy, because of its pollution abatement and control measures. But the fact of the matter is that these efforts to comply with the mandates of the Federal Government have proven to be very costly, and I feel that the TVA and the people of TVA region deserve a break. This legislation, Mr. Chairman, will give them this badly needed break, and it is my hope that this committee and the full House will act very soon to pass H.R. 11229.

Mr. VANIK. Mr. Chairman, it is with considerable reluctance that I will support the passage of this legislation to assist the Tennessee Valley Authority in

meeting the costs of required environmental pollution control equipment. Private utility companies have been extended a multitude of tax subsidies to assist them in expanding service and in amortizing the cost of pollution control devices. The TVA does not have such investment recovery tax preferences. This legislation is therefore designed to place the TVA on the same general footing as other power companies.

There is considerable merit to this argument. On the other hand, the TVA has certain preferences which other utility companies do not. The legislation today permits the TVA to write off the cost of pollution control facilities against the Authority's annual "dividend" to its original stockholders—the U.S. public and the Federal Treasury. This is a dangerous precedent. I would hope that the TVA would further adjust its rate structures so that it will be able to resume its payments to the Treasury at the earliest possible date. In a very real sense, these repayments constitute the payment of taxes, dividends, and profits by the TVA. To permit the TVA to avoid these Treasury repayments for any length of time will place the Authority in a superior position to private power companies. I believe that this would be unfair. In addition, it would destroy one of the most useful aspects of the TVA—its use as a "price yardstick," a comparison between the efficiency and profit rates of public and private power companies.

I want to commend the committee for pointing out in the committee report that American utility companies have—in many cases—reduced their Federal corporate tax payments virtually to zero. Because of the importance of this tax development, I would like to enter in the RECORD at this point several sections from the committee report:

From page 6:

Each firm makes its own decision as to which tax procedures, if any, will be most beneficial to use in accounting for new investments or additions to old facilities. The sum of all the available tax provisions can be large. The data published in *Moody's Public Utility Manual, 1973*, indicates the Federal Tax Code changes can have a significant impact on individual electric systems. The comparative consolidated income account for the American Electric Power Co., Inc., shows 1966 operating revenue of $488.2 million, net operating income of $118 million, and Federal tax payments of $60 million which was lessened somewhat by pro rata credit of $7.6 million from accelerated amortization accumulations transferred to the income account. Operating revenues increased by 1972 to $860 million, net operating income of $244 million yet federal income taxes declined over the years until this entry showed a credit of $5.6 million. Credits of $6.7 million were shown from accelerated amortization accumulations and $984 thousand from liberalized depreciation. Through various recovery provisions of the tax laws, Consolidated Edison Co. of New York, Inc., reported to stockholders for 1970 credits in the federal income tax entry of $19.9 million, credit of $900 thousand from provision for deferred income tax and investment tax credit of $2.4 million. For 1971 the firm reported credit of $3 million in the federal income tax item, credit of $3 million from the provision for deferred income tax and an extraordinary item of $53 million credit from recalculation of earlier tax liabilities. For 1972 the federal income tax item was a credit of $1 million and credit of $2.2 million was shown from the deferred tax entry. This indicates that in place of payments of federal income taxes in the past three years, the system has received credits from taxes paid earlier. In both cases, other provisions of the tax law may have been employed to achieve tax credit status. Not all firms are in this situation.

The decrease in the payments of federal income taxes by private utilities illustrates the significance of tax law changes to achieve national objectives. As a percent of operating revenues, federal taxes for electric systems decreased for 12.0 percent in 1955 to 3.5 percent in 1972. Had the federal tax payments been the same percent as in 1955, federal receipts from this industry would have been $2 billion greater for 1972.

Some of the tax code changes relating to these reductions are discussed below.

Early accelerated depreciation and liberalized depreciation were provided by the Internal Revenue Code of 1954. Section 167 provided liberalized depreciation by allowing a faster rate of depreciation during the early years of life of facilities. This applies to all new facilities at the option of the company.

Section 168 of the 1954 Code provided for an accelerated 60-month depreciation for the facilities constructed under the emergency legislation to encourage private firms to expand to provide electric power during the Korean Conflict. The Office of Defense Mobilization certified facilities valued at $1.777 billion eligible for Section 168 which allowed the companies to depreciate these facilities over 5 years in place of the 33⅓-year life which was normally used.

The accumulated accelerated amortization at the end of 1972 amounted to $682,916,000. This account is decreasing as credit is transferred to the income account of the firms over the pro rata life of the equipment involved. The accumulations also exclude the credits which accrued to the firms using the flow-through system of accounting. Approximately 30 percent of the firms were using flow-through in 1971.

The next liberalization of depreciation rules was provided by Revenue Procedure 62–21, issued by the Treasury Department July 12, 1962, to spur business investment. This allowed electric utilities to depreciate facilities over 28 years in place of the former guideline life of 33⅓ years.

The investment tax credit was authorized by P.L. 87–834, to provide credit for investment in certain depreciable property, signed October 16, 1962, as part of a program to stimulate the future economic growth of the United States and lessen the chances for recessions. For privately owned electric utilities this provided a 3 percent credit against tax liabilities for new investments in facilities. For unregulated industries, the credit was 7 percent.

P.L. 90–364 of June 28, 1968, the Revenue and Expenditure Control Act, included facilities for pollution control in a category for special tax treatment. Although the legislation ended the existing tax exemption on the interest from industrial development bonds of more than $1 million, exemptions were retained for air or water pollution control abatement facilities and for certain other facilities. As all interest rates have accelebrated, this provision is getting renewed attention from electric utilities and other industry.

Under certain conditions a firm can obtain the interest savings attributed to the tax free bonds and also claim the amortization advantages consistent with ownership of the pollution control facility.

The investment tax credit was repealed by the Tax Reform Act of 1969, P.L. 91–72, but the Congress recognized the need for special consideration of pollution control expenditures by allowing a five-year amortization of such investments.

The amortization provisions is available for a five-year period for pollution control equipment installed at existing facilities. Other incentives have been more widely engaged by industry.

Problems in the economy during 1971 resulted in additional changes in the tax procedures for private firms that year.

The Administration adopted new liberalized depreciation schedules (Asset Depreciation Range—June 22, 1971) for business property and equipment which allowed alteration by 20 percent of the minimum guideline life rules for property which had been shortened in 1962.

The accumulations of the liberalized depreciation provision increased $242,748,000 from 1970 to 1971. From 1971 to the end of 1972, the increase was $366,992,000 or more than 51 percent above the increase of the previous year.

The total accumulations of liberalized depreciation procedures for the electric power industry amounted to $2,024,519,000 plus $86,070,000 in accumulations which were unidentified at the end of 1972. As in the case of the accumulations from accelerated amortization, the total accumulation does not include sums which were treated under the flow-through system of accounting for the credits transferred on the basis of the pro rata life of the equipment.

At the time the Tax Reform Act of 1969 was considered, the Ways and Means Committee was concerned about the revenue reducing results from expanded use of the flow-through system for dealing with accelerated depreciation in the utility industry. The legislation fixed the existing system for utilities and set rules for changing from one system of accounting to another.

Because flow-through reduces operating income requirements and becomes the base for further reductions in rates, this reducing again taxable income and income tax, the Committee was advised that the trend toward flow-through treatment of accelerated depreciations could shortly reduce tax revenues by as much as $1.5 billion to $2 billion a year. (House Report 91–413)

In response to Administration requests, the Congress adopted the Revenue Act of 1971, P.L. 92–178, which was signed Dec. 10, 1971.

This reinstated the investment tax credit with an increase of 33⅓ percent for electric utilities—from 3 percent credit to 4 percent credit. House Report 92–533 states:

Your committee's bill raises the rate for public utility property to 4 percent. In part, this is provided because of the increasing problem many utilities are encountering in raising the capital required for modernization and expansion.

The Report states the general purposes of the legislation as:

Put our present lagging economy on the high growth path. Increase the number of jobs and diminish the high unemployment rate.

Relieve the hardships imposed by inflation on those with modest incomes.

The investment tax credit has amounted to $1.186 billion for the electric power industry at the end of 1971. The accumulations in this account at the end of 1972 amounted to $796,272,000.

The use of increased depreciation for tax purposes has two other beneficial results for private utilities. Distributions of profits to stockholders can be up to 100 percent tax-free in certain situations.

The accumulations of the taxes and credits can be invested in the property to save the interest which would be paid if equal sums were borrowed. On the basis of $3.5 billion accumulations at the end of 1972, the interest benefit at 8 percent would be $280 million a year.

On August 1, 1973, I made a major speech in this Chamber on aspects of corporate taxation in the United States. *In that speech*, I analyzed some of the ways and means that utility companies were lowering their tax rates. I also described—at great length—how very profitable utilities, such as Con Edison, could be distributing their dividends to stockholders 100 percent tax free.

Mr. Chairman, we all want cheap power. We all want energy costs to be as low as possible.

But what has happened in this country is that we have subsidized the development of various forms of energy. We have subsidized oil production through the depletion allowance, the intangible drilling expense, and the foreign tax credit. We have been subsidizing the utility companies through these overlapping rapid depreciation tax gimmicks. The result is that energy has been cheap—and the result of cheap energy is that we have been careless. We have not designed efficient cars. We have built homes and buildings without adequate insulation and with walls made of glass.

The bill before the House today does not correct any of these problems. It perpetuates the status quo.

But it is obvious from the tax data which I have developed and which the committee has furnished the House today, that we must undertake a complete overhaul of our system of energy subsidies. Only as American business and American consumers began to pay the true cost of energy will we develop energy conservation as a national ethic. Only when we truly begin to save energy will we solve our energy crisis and obtain energy independence.

Mr. ANDERSON of Illinois. Mr. Chairman, I rise in strong opposition to H.R. 11929. For the last year we have been engaged in an important and historic effort to reform and rationalize the congressional budget process. Yet this bill would institute still another back-door spending gimmick which would only further reduce the controllability of the annual budget.

For the past 3 years we have struggled mightily to keep the Federal budget from careening out of control and have helplessly watched the so-called fiscal dividend from economic growth being completely eaten up by the built-in momentum of Federal spending. This bill would only compound that problem by adding what amounts to another $100 million per year to the deficit.

In the early 1970's we embarked on a massive new effort to clean up the environment, and, more particularly, to insure that the pollution costs of our high standard of living and sometimes extravagant consumption habits are fully reflected in the prices we pay for goods and services. Yet, this bill is based on the illusion that there is such a thing as a "free lunch" and that by hiding pollution control costs in the tax bill we can have a clean environment and cheap power too.

During the last 6 months this Nation has had to come face to face with the unsustainability of our voracious appetites for energy, and with the consequent need to make major collective and individual efforts to conserve limited supplies of fuel. Nevertheless, this bill would reward overconsumption of energy rather than provide incentives for curtailing unnecessary use.

During the last 2 years, our national political discourse, spurred by the Watergate tragedy and other events, has dwelt heavily on the need to clean up the governmental decisionmaking process; to establish new national priorities; and to assert the broad public interest against the special interests, advantages, and protections that clutter the Federal budget, hover around the executive departments, and dominate the Federal regulatory agencies. Yet this bill calls upon the general taxpayers of the Nation to subsidize the electricity consumption of a small segment of the population in one region of the country.

Mr. Chairman, I am well aware of the principal argument made in behalf of this bill and must admit that it has a strong surface appeal. Since the TVA is a public nonprofit corporation, it may not avail itself to the various tax advantages afforded private investor-owned utilities. The pages of material included in the committee report on the dollar value of these tax benefits to various private utilities would seem to make a good case for this bill.

But before we become too mesmerized by all of these statistics and their implied unfairness to TVA, let us recall a few cardinal facts: TVA does not pay Federal income taxes; TVA has no equity capital; TVA has no private investors or shareholders who must be paid a return on their investment.

These obvious facts mean that TVA rates, prices, and revenues need not reflect a margin for profits to be paid to shareholders and for income taxes to be paid to the Federal Government. While I have some reservations about the wisdom of providing tax breaks even to private utilities, the important point is that these tax breaks do not lower actual capital costs by a single penny. The only thing they affect are tax liabilities, and to the extent that they lower tax liabilities they marginally reduce the price and revenue levels needed to secure an adequate after-tax rate of return.

Let me put this in concrete dollars and cents. In 1972 private utilities in the United States earned roughly $5.5 billion in net profits. That amounts to roughly 39 cents per kilowatt-hour that TVA users do not have to pay because by law TVA revenues are limited to the costs of producing power.

Were not the various accelerated depreciation and other tax breaks available to these private utilities they would have paid nearly $2.7 billion in Federal income taxes on these profits as opposed to the $900 million they actually paid. These tax breaks, then, result in a tax savings of roughly 13 cents per kilowatt hour.

In sum, private utility consumers buy 39 cents rather than 52 cents more per kilowatt hour than do TVA consumers due to the Federal pollution and other tax breaks available to private utilities. But the point is they still pay 39 cents more, all other things being equal. How it can be concluded from this that we need a compensating subsidy for the TVA system is difficult for me to fathom.

Indeed, because of the proximity of fuel sources and lower costs generally in the TVA region, its consumers are already far better off than their counterparts in other areas of the country. According to the committee report, the average per kilowatt hour residential cost of electricity in the TVA system is 1.32 cents. Compare this to New York where the median cost is 3.18 cents, California where it is 2.08 cents, or the Northeast as a whole where it is 2.93 cents.

In short, the combination of natural advantages in production costs, the lack of need to cover profit and dividend costs, and the exemption from Federal taxes mean that consumers in the TVA region get electric power nearly twice as cheaply as many other areas of the country. In light of this, should taxpayers in New York, Illinois, or California be called upon to lower these bargain basement power rates even more? I think not, and urge that the House defeat this bill and repudiate the unsound reasoning that lies behind it.

Mr. JONES of Alabama. Mr. Chairman, I have no further request for time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 11929

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Tennessee Valley Authority Act of 1933 is amended by inserting immediately at the end of section 15d the following new subsection:

"(i)(1) Beginning with fiscal year 1975, and each fiscal year thereafter, the Corporation shall be entitled to a credit against the payments required as a return on the appropriation investment in power facilities and the annual repayment sum established for such fiscal year in the first sentence of subsection (e) of this section in an amount equal to the amount actually expended by the Corporation during the preceding fiscal year for any certified pollution control facility. The return on the appropriation investment in the Corporation's power facilities required to be paid by such first sentence of subsection (e) shall be reduced in an amount equal to such credit in the same manner and to the same extent as if such credit were a payment in cash. In any fiscal year when the amount expended by the Corporation for a certified pollution control facility or facilities exceeds the payments required as a return on the appropriation investment for the next fiscal year, the amount in excess of such payment requirement shall be applied, as a credit against the annual repayment sum for the next fiscal year and the appropriation investment required to be repaid by such first sentence shall be reduced in an amount equal to such credit in the same manner and to the same extent as if such credit were a repayment in cash. In any fiscal year in which the amount expended by the Corporation for a certified pollution control facility or facilities exceeds both the payments required as a return on appropriation investment for the next fiscal year and the annual repayment sum estab-

lished for such fiscal year, the amount in excess of such return payments and annual repayment sum shall be applied to the reduction of the appropriation investment required to be repaid by such first sentence in addition to both the credit against the appropriation investment return payment for such fiscal year and the reduction in such investment required as a result of the credit against the annual repayment sum for such fiscal year.

"(2) For purposes of this subsection, the term 'certified pollution control facility' means a new identifiable treatment facility which is used, in connection with a plant or other property, to abate or control water or atmospheric pollution or contamination by removing, altering, disposing, or storing of pollutants, contaminants, wastes, or heat and which—

"(A) the Board has certified to the Environmental Protection Agency as having been constructed, reconstructed, erected, or acquired in conformity with programs or requirements for abatement or control of water or atmospheric pollution or contamination; and

"(B) the Administrator of the Environmental Protection Agency has certified to the Secretary of the Treasury or his delegate (i) as being in compliance with the applicable regulations of Federal agencies and (ii) as being in furtherance of the general policy of the United States for cooperation with the States in the prevention and abatement of water pollution under the Federal Water Pollution Control Act, as amended (33 U.S.C. 466 et seq.), or in the prevention and abatement of atmospheric pollution and contamination under the Clean Air Act, as amended (42 U.S.C. 1857 et seq.).".

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

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

There was no objection.

COMMITTEE AMENDMENT

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

The Clerk read as follows:

Committee amendment: Page 3, line 11, after "is" insert "or will be".

The committee amendment was agreed to.

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

The CHAIRMAN. Evidently a quorum is not present.

The Members will record their presence by electronic device.

The call was taken by electronic device, and the following Members failed to respond:

[Roll No. 101]

Adams	Edwards, Calif.	Horton
Alexander	Esch	Jarman
Anderson, Ill.	Fraser	King
Blatnik	Frelinghuysen	Kluczynski
Brasco	Gibbons	Kuykendall
Buchanan	Gray	McFall
Burke, Fla.	Griffiths	Martin, Nebr.
Carey, N.Y.	Gubser	Martin, N.C.
Carney, Ohio	Gude	Metcalfe
Chisholm	Hanna	Michel
Clark	Hansen, Wash.	Minshall, Ohio
Conyers	Hawkins	Patman
Diggs	Hébert	Pike
Dingell	Henderson	Reid
Downing	Hogan	Reuss
Eckhardt	Holifield	Rodino
Rooney, N.Y.	Smith, N.Y.	Wilson, Charles H., Calif.
Rooney, Pa.	Stanton, James V.	Wright
Rosenthal	Steed	Wyatt
Ruppe	Steele	Yatron
Ryan	Steiger, Ariz.	
Satterfield	Tiernan	
Shuster		

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 11929, and finding itself without a quorum, he had directed the Members to record their presence by electronic device when 367 Members responded, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The committee resumed its sitting.

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

The Clerk read as follows:

Page 3, line 17, strike out "having been" and insert in lieu thereof "being".

The committee amendment was agreed to.

AMENDMENTS OFFERED BY MR. CLEVELAND

Mr. CLEVELAND. Mr. Chairman, I offer a series of amendments and ask unanimous consent that they may be considered en bloc.

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

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. CLEVELAND:

Page 2, line 5, after the word "to", insert the following: "50 per centum of".

Page 2, line 12, after the word "when", insert the following: "50 per centum of".

Page 2, line 21, after the word "which", insert the following: "50 per centum of".

Mr. CLEVELAND. Mr. Chairman, the amendment I have offered is described in detail in the minority views at the end of the committee report.

Basically what the amendment does is simply to cut down the amount TVA will be reimbursed by 50 percent. This brings it in line with what the average corporation would have to pay for a similar type of pollution control device.

Mr. Chairman, I only want to make a couple of points in connection with these amendments.

First of all, Mr. SNYDER, the gentleman from Kentucky, and I, when we wrote our supplemental views, were not being critical of the TVA. The Committee on Public Works, on which we serve, has studied TVA, and we think it has performed an important function.

Second, we think the Committee on Public Works was wise in taking cognizance of the fact that the environmental pollution laws that the Congress enacted are going to be enormously expensive.

Now comes the point of my amendment. We do not think it is fair to give the TVA 100-percent financing when the small business in your district, the small farmers in your district, the utilities in your district, the REA's and municipal electric companies in your district receive none of this relief. It is no fair; it is simply not fair.

The purpose of this amendment is to introduce an element of fairness into this picture.

It is true that TVA need help in order to meet the environmental mandates of this Congress. It is true that they are enormously expensive.

It is perfectly proper for the Federal Government to assist because we have required these environmental restrictions and almost every Member here has voted for them. It is perfectly proper for us to give some tax assistance to meet the requirements, but the essential unfairness of this legislation is that TVA is singled out for 100-percent financing, leaving unhelped and unaccounted for the small farmers, the small businesses, and the other utilities, private utilities, REA utilities, and municipal utilities that are all faced with the same problem. No one is doing anything to help them.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. CLEVELAND. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Chairman, the gentleman from New Hampshire attended the hearings and the gentleman well knows that all the rural cooperatives came in and testified for this measure. The American Public Power Association and those other little people to whom the gentleman has referred came in and requested the bill that is now before the House.

Mr. CLEVELAND. I will say to the gentleman from Alabama that if they did they will probably be in here tomorrow asking for 100-percent financing for themselves. This is a piecemeal way of doing this, and it is not the right way to do it.

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

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

Mr. NELSEN. Mr. Chairman, I made the loan for Colorado University of $27 million, and the cost of scrubbing equipment for that plant will cost them $17 million. And I am wondering, is there any provision in here to give some relief to the REA's and other plants throughout the country, that I have had special interest in? Because I know the cost is excessive, and I hope that if we are going to move this way that it certainly should be expected that they too will get some relief somehow.

I thank the gentleman for yielding. Perhaps the chairman of the committee would like to comment on that.

Mr. JONES of Alabama. Mr. Chairman, if the gentleman will yield, in the supplemental views that the gentleman from California (Mr. DON H. CLAUSEN) and others submitted, and are included in the committee report, it is pointed out there the necessity for doing just what the gentleman has suggested. However, this committee does not have jurisdiction to go into that problem. It is a general revenue proposition, and certainly it should be attended to, as the gentleman has suggested. I join with the gentleman, and with the supplemental views, that something should be done to

give relief across the board to a greater extent than is now enjoyed.

Mr. NELSEN. Mr. Chairman, if the gentleman will yield further, I would like to point out also that some consideration should be given to the possibility that some of the standards that are required by EPA might be too severe, and might be modified where the environmental considerations would not be damager, and probably some of the suggestions for *the updating* of equipment could be modified.

Mr. FINDLEY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Hampshire (Mr. CLEVELAND), but I want to make it clear that in my view this amendment, while a step in the right direction, does not really eliminate the discrimination which is very clear in this bill.

All of the Members should understand correctly what is proposed by this bill. This bill proposes 100 percent Federal financing of the cost of the pollution control devices that are being installed in TVA and TVA only. The amendment would reduce the Federal financing to 50 percent. But how can one find justice and equality when one compares even a 50-percent provision with the position of the municipality of the city of Springfield, Ill., which, like TVA, is not subject to Federal income tax but nevertheless has to retire 100 percent of the expense of the environmental control devices that it has recently installed out of system revenues.

So in giving support to this amendment I hope we will all recognize that it simply makes a bad bill a little better, but it certainly does not make the bill desirable. Even if the amendment is adopted, I would hope that my colleagues will join me in rejecting this very unwise, unsound precedent for Federal financing of environmental protection devices in the electric power industry.

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

Mr. Chairman, my concern about this proposal relates to the new REA Act we passed last year providing for long-term financing at reasonable rates. The REA program has enjoyed 2 percent interest rates for years. As a farmer and a user of electric power, I am grateful to my country and to my Government, but I also want to point out that we gave the Tennessee Valley Authority 120 years to liquidate their obligation to the Government in one of the first years I was here. REA gets 35 years. It seems to me if we authorize paying the cost of scrubbers for the powerplants in TVA, by the same reasoning we should then authorize payment for scrubbing devices installed by REA co-ops.

I have examined the cost of these installations and have found that $17 million would have to be spent on a $27 million plant in Colorado, $30 million at another installation, and $20 million in still another. It is just impossible even to imagine the cost of these scrubbers. In addition to that, the residue that is going to be deposited will lie there forever. I do not know that research has developed the right answers at this point.

I think we are going to find that the Environmental Protection Act and the whole energy process should be revised to provide that where the ambient air quality is not disturbed, some of the requisites of the EPA could be relaxed to the degree that the total cost will not be as great as we presently anticipate.

I was hoping that we could wait a bit about this and try to see what our environmental demands are going to be, and try to see what we are going to require in our ambient air quality and some of the standards that are going to be applied.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. NELSEN. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. I thank the gentleman for yielding.

The TVA and all of the private facilities are now petitioning EPA to relax some of their stringent requirements on scrubbers in order to have more research and development programs to reduce the cost of those scrubbers and also to increase the efficiency which they now estimate to be approximately 30 percent effective. So I hope that EPA will not insist upon hasty investment either by TVA or the private utilities in order that they can make wise and prudent investments in those mechanisms that would be required.

Mr. NELSEN. I thank the gentleman for his comments.

I should like to point out further that in the Committee on Interstate and Foreign Commerce in our consideration of the emergency energy bill, we found that because of some of these standards that have been so stringently applied, we have almost closed the coal mines of our country. I think more money ought to be spent for research to develop better emission qualities for coal and to harness some of the resources lying dormant to relieve the pressure on petroleum and gas in our country.

I have introduced a bill to do that, and I hope the chairman of the committee will join me, and perhaps we can find some answers.

Mr. JONES of Alabama. I should like to state that 82 percent of all of the energy produced by TVA is from coal, and the rest comes from hydro, from 29 dams that are in the TVA area.

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

Mr. NELSEN. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, the gentleman in the well had a great deal to do with the authorization of the Cooperative Finance Corporation, the CFC, as free of Federal taxation but established with the authority to issue bonds to raise money for the construction of electrical generation stations by cooperatives throughout the country. This CFC corporation is required to pay back out of revenues of the cooperative the cost of the bonds and the interest.

Mr. NELSEN. I understand that.

Mr. FINDLEY. Mr. Chairman, some of the revenues have gone to finance environmental protection devices to get the cooperative into compliance.

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

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

Mr. FINDLEY. Mr. Chairman, if the gentleman will yield further, I happen to know that in my county, Pike County in Illinois, the WIPCO borrowed money from CFC partly to install protective devices on the generative plant owned by that cooperative. It has to pay that money back out of revenues of the cooperative as well as to pay the interest on the bonds. Is there any equity in extending 100 percent financing for the TVA devices and no Federal financing for the devices owned by the rural cooperatives?

Mr. NELSEN. This is a concern I share. I realize in order to provide equity something would have to be done to provide equity with this cost to the REA program. I would be a little bit constrained from having to come in, after Congress has given us a good REA financing plan, to ask for another approach, another handout, another assist from the Government at this point. But I do feel that I would be almost forced to do it. If we do it for one we should do it for another. I am a bit unhappy about this turn of events at this time.

Mr. BAKER. Mr. Chairman, I rise in opposition to the amendment. H.R. 11929 recognizes that the pollution control investments by the Tennessee Valley Authority have the same beneficial national objectives as investments by the private sector.

While the proposal to credit TVA with pollution control expenditures has been patterned after similar incentives already provided to private firms for pollution control and other investments, the differences in the nature of the two types of systems make exact parallels impossible.

As I noted in my opening remarks, H.R. 11929 addresses capital expenditures only for certified environmental control equipment. Such pollution control equipment expenditures constitute only about 20 percent of TVA's expansion budget. H.R. 11929 does not provide credits for the other 80 percent of TVA's capital costs.

Under current laws, the TVA and their consumers receive no credits for expenditures for pollution control equipment while private power companies get various writeoffs under the Internal Revenue Code. This bill is intended to provide similar such benefits to the TVA and their power consumers. It should be noted that this bill would provide credits only for certified pollution control equipment while the private power companies have the opportunity to use accelerated depreciation and investment credit provisions of the Internal Revenue Code for all eligible capital invest-

ments and not just for pollution control equipment.

Further, let us not fail to recognize that TVA cannot sell stock. TVA is a Federal corporation. Thus, in lieu of stock financing, Congress provided an original appropriation most of which must be paid back with a high annual return on the appropriation investment. Other systems do not have to pay back the shareholders' equity. TVA does. Then, when the repayments are made, the system is still owned by the U.S. Government and not by the consumers within the TVA region. Finally, it should be remembered that TVA consumers through the Tennessee Valley Authority have contributed extensively to Federal environmental control research and development programs. H.R. 11929 would help to recognize this national asset.

The distinguished gentleman from New Hampshire is a good friend. It is a pleasure to serve with him as a member of the great Committee on Public Works. However, at this time, and I believe this is the first time, I must oppose his amendment.

I urge my colleagues to reject this amendment.

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

Mr. BAKER. I yield to the gentleman from Tennessee.

Mr. DUNCAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the amendment.

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

Mr. BAKER. I yield to the gentleman from Kentucky.

Mr. CARTER. Mr. Chairman, I rise in opposition to the amendment and I join in supporting the bill, H.R. 11929, to provide that expenditures by the Tennessee Valley Authority for pollution control facilities will be credited against required power investment return payments and repayments to the U.S. Treasury.

Because the TVA system generates power by burning large amounts of high-sulfur coal, the system is faced with especially high pollution control costs. It has been estimated that TVA will have to spend $150 million a year for an indefinite period in order to meet the Federal standards. Under this legislation, the authorization to credit expenditures for pollution control facilities against repayments to the Treasury would make cash available for investments that would otherwise have to be made with borrowed money. Borrowing less would mean a savings in interest costs, and the result would be an expansion of benefits to TVA and the people it serves.

I submit that this measure will provide great assistance in making necessary pollution control investments, and I urge my colleagues to support this bill.

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

Mr. BAKER. I yield to the gentleman from Tennessee (Mr. BEARD).

Mr. Chairman, I rise in opposition to the amendment.

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

I rise in opposition to the amendment. As the gentleman from Tennessee (Mr. BAKER) has previously stated, the proposition was examined by the committee in extended deliberations.

Because of the many differences between the TVA and private electric systems, the committee's proposal differs from the provisions of the tax laws which enable private firms to recapture portions of their investments.

Specific aspects of the laws which relate to private firms were ignored in H.R. 11929:

First, private firms have had access to pollution control amortization and other credits for a number of years and they have been using them during this time.

Second, private firms are able to recalculate their tax obligations from several years past or carry credits forward for several years to make maximum use of credits which accrue.

Third, private firms can take advantage of various provisions of the tax code for all of their investments—liberalized depreciation and investment credits apply to equipment used for production as well as for pollution control. The committee proposal relates only to investments by the TVA for pollution control, perhaps 20 percent of the Authority's total capital program.

Fourth, before the credits would be available, as outlined on page 30 of the report, the TVA would have to invest $150 milllion a year in pollution control facilities. This $150 million a year would come from the charges to consumers of TVA electric power, not appropriations.

Fifth, the credits which might accrue to the TVA from this legislation could be invested in facilities for the system thus enhancing the value of the system. The land and all the improvements of the TVA are owned by the United States even though since 1959 all improvements in the power system have been paid for by the consumers of TVA power. The credits which accrue to a private system, although partially paid for by tax credits, are owned by the stockholders of the firm.

The detailed investigation of the total power situation by the Public Works Committee indicates the bill, H.R. 11929, should be supported as reported from the committee.

I urge rejection of the amendment.

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

I ask for this time to ask the chairman of the subcommittee a few questions.

Are they still producing fertilizer in the Tennessee Valley Authority?

Mr. JONES of Alabama. Yes. The experiment is still going on at Muscle Shoals to make fertilizer. A lot of the fertilizer produced there is used for agricultural experimental work and not produced in any quantity for commercial sales.

Mr. GOODLING. Is that not being produced in direct competition with private enterprise?

Mr. JONES of Alabama. No. It is the other way around. It is an experiment in research and development; for instance, at the present time that fertilizer is being shipped to many States through the State extension service for use on demonstration farms. That is the great extent of their production.

Mr. GOODLING. Is it being produced at a profit?

Mr. JONES of Alabama. No; it is not.

Mr. GOODLING. There is no profit?

Mr. JONES of Alabama. It is on a break-even proposition. It goes up and down as does the price of fertilizer. It is hard to estimate from year to year. It is a practical thing, just like commercial fertilizer.

Mr. GOODLING. Would the gentleman favor a bill to give the fertilizer manufacturers in my congressional district equal treatment?

Mr. JONES of Alabama. Well, if they carry out research and development, yes, I would be pleased. I want to help any situation that will produce more fertilizer to produce goods and food necessary for the people of this country.

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

Mr. GOODLING. Mr. Chairman, I yield to the gentleman from Tennessee.

Mr. BAKER. Mr. Chairman, we should take note of the fact that there are two distinct divisions in TVA, the power producing division and all other aspects of TVA. This has absolutely nothing to do with fertilizer experimentation.

Mr. GOODLING. Mr. Chairman, does this not include the pollution controls and fertilizer making sections of it?

Mr. JONES of Alabama. It does not.

Mr. GOODLING. Why would it not? What are they doing about their pollution?

Mr. JONES of Alabama. In section 26 and section 15 of the TVA Act of 1933 as amended by the Act of 1959, it has absolutely nothing to do with navigation or with any other aspects of TVA except the generation and distribution of power.

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

Mr. GOODLING. Mr. Chairman, I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I would like to ask the gentleman from Pennsylvania if there is anything in this bill to reimburse electrical consumers from the eastern half of the country who pay 125 percent more for their utility costs, because of environmental laws requiring high-sulfur fuel rather than low-sulfur fuel; therefore, the utility costs passed on to consumers in the East have gone up 125 percent.

Mr. GOODLING. Mr. Chairman, I would like to refer the gentleman from Massachusetts to the chairman of this committee to tell him that.

Mr. CONTE. Is there anything in this bill to help the consumer in the East pay that additional cost?

Mr. JONES of Alabama. Mr. Chairman, if the gentleman will yield, there is no

burning of oil or gas in TVA, so consequently the question is irrelevant.

Mr. CONTE. This bill requires New England taxpaying fuel consumers to pay full 100 percent of TVA's pollution control costs. The extra costs for expensive, low-sulfur fuels for TVA are to be paid out of the pockets of New England taxpayers, already burdened with the highest fuel costs in the country. I repeat my question: Is there anything in this bill for the consumer in the East who has to pay an additional 125 percent above normal fuel costs due to environmental laws which require the burning of low-sulfur instead of high-sulfur oil?

Mr. JONES of Alabama. The legislation does not deal with fuel cost.

Mr. CONTE. Mr. Chairman, I think the bill ought to be defeated.

Mr. GROSS. Mr. Chairman, I move to strike the necessary number of words.

Mr. Chairman, I regret that I had to attend a committee meeting and did not hear all of the debate on this bill.

What is the rationale that justifies this raid upon the U.S. Treasury for almost $400 million to compensate the Tennessee Valley Authority 100 percent to the exclusion of other public and private utilities?

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield for a reply?

Mr. GROSS. Mr. Chairman, I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Mr. Chairman, I regret the gentleman's absence, because the gentleman from Tennessee (Mr. BAKER) and I went into great detail to make an explanation as to why it was necessary; because these requirements were made since 1959 when the TVA assumed the appropriated obligations that had been made in 1930 and up until 1959 to produce power and pay its whole way in production of power, plus the reduction of $1.2 billion.

There was no way to anticipate these additional costs that arose because of the Clean Air Act and the Water Quality Act and the requirements that were placed on the Environmental Protection Agency.

Mr. GROSS. Neither could any other public, semi-public, or private utility anticipate that.

Mr. JONES of Alabama. They did. We passed in 1969 an act giving private utilities authority to write off 100 percent in tax writeoffs for those new additions as required by EPA. That is all we are doing here, giving TVA the same credit, or the same opportunities as we did the private utilities.

Mr. GROSS. Who controls the rates charged by the TVA for electrical energy?

Mr. JONES of Alabama. The Authority itself.

Mr. GROSS. Why does it not raise its rates rather than throw the full burden of these costs on the Federal Government and the taxpayers of the entire country?

Mr. JONES of Alabama. They have been raised five times, and we are now paying a rate of from 7 to 9 percent.

Mr. GROSS. I do not know the history of rate increases with respect to any other utilities, but I expect they have been raised four or five times, too.

Mr. JONES of Alabama. Yes. Not only is TVA going to have to increase rates, but every private utility in this country, with their fuel costs going up, their wages going up, and every aspect of the business going up, is going to be in the same position. Consequently, there is hardly a utility in the United States that does not have to raise rates.

Mr. GROSS. Mr. Chairman, that situation is shared by every other utility in the country, yet the TVA is here today asking for 100-percent compensatory payments from an already bankrupt U.S. Treasury.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to my friend, the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, I have heard much testimony before my Subcommittee on Public Works of the Committee on Appropriations. I have heard the various power commissions. the Alaska Power Administration, the Southeastern Power Administration, the Southwestern Power Administration, and the Bonneville Power Administration.

We only had the Bonneville Power Administration in 2 days ago, and they told us that they considered a rate increase periodically, but under the law they only did it once every 5 years. Only once every 5 years do they consider a rate increase.

They hold public hearings, of course, and hear the people making their protests, and then they file with the Federal Power Commission. This is the procedure required by law for the Bonneville Power Administration. The TVA reviews its rates every quarter, not every 5 years. The TVA reviews its rates every 3 months, every quarter, and they do that so they can see what their liquidating, self-sustaining interests are. And, as I said earlier, they are paying into the Treasury this year $80 million. The TVA is paying $80 million into the Treasury.

Mr. GROSS. Mr. Chairman, I certainly do not want power consumers in the State of Iowa paying taxes and high rates for electrical energy in order to compensate those who are served by the Tennessee Valley Authority. I support the amendment by the gentleman from New Hampshire because it would make the bill less worse and then I urge that the entire proposition be voted down.

Mr. EVINS of Tennessee. Mr. Chairman, will the gentleman yield further?

Mr. GROSS. I yield to the gentleman from Tennessee.

Mr. EVINS of Tennessee. Mr. Chairman, all private utilities are given a 100-percent tax writeoff, a tax credit, for all moneys expended for pollution control devices. This would only equalize the situation as it relates to a public agency of the Government.

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

Mr. GROSS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Mr. Chairman, the private utilities pay Federal income taxes. The TVA does not pay one thin dime of income tax money, and these writeoffs relating to accelerated depreciation and investment credits are all related to the Federal income tax.

Mr. GROSS. The Tennessee Valley Authority has a highly favorable interest rate on the money borrowed from the Federal Government.

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

Mr. GROSS. I yield to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Chairman, I thank the gentleman for yielding.

As the gentleman knows, the TVA is doing a lot of experimental work in the production of electricity, and in many ways they are accomplishing things which will accrue to all of the people of the United States.

TVA has done a world of good, and the people down there are paying higher rates, and this will have the effect of reducing the rates across the country.

Mr. GROSS. And also, Mr. Chairman, I would point out that TVA has been treated as a sacred cow. No matter how it may be described otherwise this is special privilege legislation and it projects the spendng of $400 million into the uncertain future of the next 5 years.

In the name of fairness, reason, and financial responsibility this bill ought to be defeated.

Mr. BUCHANAN. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New Hampshire (Mr. CLEVELAND).

While it would appear that the Tennessee Valley Authority does not have access to the same pollution control tax benefits available to private power companies and that some legislative remedy is in order, it does appear that the 100-percent payment deduction provided by this legislation would create an inequitous situation with TVA enjoying benefits not available to other utilities of this type.

Mr. Chairman, I appreciate the job TVA is doing in providing efficient and economical energy for millions of people. This legislation, however, effects not only the people served by the TVA, but the many millions of American taxpayers served by other electric utility companies throughout the Nation.

Existing tax law does not permit those taxpaying members of the electric utility industry to deduct 100 percent of the cost of pollution control equipment.

I am, therefore, concerned that we are setting the stage for a raid on the Treasury by other electric utility companies seeking the same benefits which this legislation in its present form affords TVA.

It would also seem that if this principle is to apply to utilities, it ought apply to all other businesses currently faced with major expenditures for pollution control equipment. Thus, support of legislation providing for the Federal Government to pick up the tab for all pollution-control

expenditures for the Tennessee Valley Authority could well precipitate a massive push by industry in general for such benefits. In fact, I would be surprised if this were not the case.

I, therefore, urge my colleagues to support this amendment.

The CHAIRMAN. The question is on the amendments offered by the gentleman from New Hampshire (Mr. CLEVELAND).

The question was taken; and on a division (demanded by Mr. GROSS) there were—ayes 36, noes 58.

So the amendments were rejected.

The CHAIRMAN. Are there any further amendments? If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. EVANS of Colorado, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H.R. 11929) to amend section 15d of the Tennessee Valley Authority Act of 1933 to provide that expenditures for pollution control facilities will be credited against required power investment return payments and repayments, pursuant to House Resolution 991, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. SNYDER

Mr. SNYDER. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SNYDER. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. SNYDER moves to recommit the bill H.R. 11929 to the Committee on Public Works.

Mr. JONES of Alabama. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

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

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

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 209, nays 193, not voting 30, as follows:

[Roll No. 102]

YEAS—209

Abdnor	Fulton	Nix
Abzug	Fuqua	O'Neill
Adams	Ginn	Owens
Anderson, Calif.	Gonzalez	Passman
	Gray	Pepper
Andrews, N. Dak.	Green, Pa.	Perkins
	Griffiths	Pickle
Annunzio	Gunter	Poage
Ashley	Hammer-schmidt	Podell
Aspin		Price, Ill.
Badillo	Hanley	Quie
Baker	Hanna	Quillen
Barrett	Hanrahan	Randall
Beard	Hansen, Idaho	Rees
Bennett	Hansen, Wash.	Reid
Bergland	Harsha	Roberts
Bevill	Hays	Roe
Biaggi	Hébert	Rogers
Biester	Hicks	Roncalio, Wyo.
Boggs	Holifield	Rooney, Pa.
Bolling	Holtzman	Rostenkowski
Bowen	Hosmer	Roybal
Brademas	Howard	Runnels
Breaux	Hungate	Ruth
Breckinridge	Ichord	St Germain
Brinkley	Johnson, Calif.	Sarbanes
Brooks	Johnson, Pa.	Shipley
Brown, Calif.	Jones, Ala.	Sikes
Burke, Calif.	Jones, N.C.	Sisk
Burke, Mass.	Jones, Okla.	Slack
Burleson, Tex.	Jones, Tenn.	Staggers
Burlison, Mo.	Jordan	Stanton, J. William
Burton	Karth	
Carney, Ohio	Kastenmeier	Stanton, James V.
Carter	Kazen	
Casey, Tex.	Kuykendall	Stark
Cederberg	Kyros	Steed
Clancy	Landrum	Stephens
Clark	Leggett	Stokes
Clausen, Don H.	Lehman	Stratton
	Litton	Stubblefield
Clay	Long, Md.	Stuckey
Cochran	Lott	Symington
Collins, Ill.	Lujan	Teague
Conyers	Luken	Thompson, N.J.
Corman	McClory	Thomson, Wis.
Cotter	McCloskey	Thornton
Culver	McCormack	Udall
Danielson	McFall	Ullman
Davis, Ga.	McKay	Van Deerlin
Davis, S.C.	McSpadden	Vander Veen
de la Garza	Macdonald	Vanik
Delaney	Madden	Vigorito
Dellenback	Mahon	Waggonner
Dellums	Mathis, Ga.	Waldie
Denholm	Matsunaga	Wampler
Dent	Meeds	White
Dickinson	Melcher	Whitten
Diggs	Mezvinsky	Widnall
Duncan	Milford	Williams
Eckhardt	Mills	Wilson, Charles H., Calif.
Edwards, Ala.	Mink	
Edwards, Calif.	Mitchell, Md.	
Eilberg	Mizell	Wilson, Charles, Tex.
Evans, Colo.	Mollohan	Wolff
Evins, Tenn.	Montgomery	Wright
Fascell	Moorhead, Pa.	Wyatt
Fisher	Morgan	Yates
Flood	Moss	Young, Ga.
Flowers	Murphy, Ill.	Young, Tex.
Flynt	Murphy, N.Y.	Zablocki
Foley	Natcher	
Ford	Nichols	

NAYS—193

Addabbo	Buchanan	Daniel, Robert W., Jr.
Andrews, N.C.	Burgener	
Archer	Butler	Daniels, Dominick V.
Arends	Byron	
Armstrong	Camp	Davis, Wis.
Ashbrook	Chamberlain	Dennis
Bafalis	Chappell	Derwinski
Bauman	Clawson, Del	Devine
Bell	Cleveland	Dingell
Bingham	Cohen	Dorn
Blackburn	Collier	Drinan
Boland	Collins, Tex.	Dulski
Bray	Conable	du Pont
Broomfield	Conlan	Erlenborn
Brotzman	Conte	Esch
Brown, Mich.	Coughlin	Eshleman
Brown, Ohio	Crane	Findley
Broyhill, N.C.	Cronin	Fish
Broyhill, Va.	Daniel, Dan	Forsythe
Fountain	Mann	Satterfield
Frenzel	Maraziti	Scherle
Frey	Martin, Nebr.	Schneebeli
Froehlich	Mathias, Calif.	Schroeder
Gaydos	Mayne	Sebelius
Gettys	Mazzoli	Seiberling
Giaimo	Michel	Shoup
Gilman	Miller	Shriver
Goldwater	Minish	Shuster
Goodling	Mitchell, N.Y.	Skubitz
Grasso	Moorhead, Calif.	Smith, Iowa
Green, Oreg.		Smith, N.Y.
Gross	Mosher	Snyder
Grover	Murtha	Spence
Gubser	Myers	Steele
Guyer	Nedzi	Steelman
Haley	Nelsen	Steiger, Wis.
Hamilton	Obey	Studds
Harrington	O'Brien	Sullivan
Hastings	Parris	Symms
Hechler, W. Va.	Patten	Talcott
Heckler, Mass.	Pettis	Taylor, Mo.
Heinz	Peyser	Taylor, N.C.
Helstoski	Pike	Thone
Hillis	Powell, Ohio	Tiernan
Hinshaw	Preyer	Towell, Nev.
Holt	Price, Tex.	Treen
Horton	Pritchard	Vander Jagt
Huber	Railsback	Veysey
Hudnut	Rangel	Walsh
Hunt	Rarick	Ware
Hutchinson	Regula	Whalen
Johnson, Colo.	Rhodes	Whitehurst
Kemp	Riegle	Wiggins
Ketchum	Rinaldo	Wilson, Bob
Koch	Robinson, Va.	Winn
Lagomarsino	Robison, N.Y.	Wydler
Landgrebe	Rodino	Wylie
Latta	Roncallo, N.Y.	Wyman
Lent	Rose	Young, Alaska
Long, La.	Rosenthal	Young, Fla.
McCollister	Roush	Young, Ill.
McDade	Rousselot	Young, S.C.
McEwen	Roy	Zion
McKinney	Ruppe	Zwach
Madigan	Sandman	
Mallary	Sarasin	

NOT VOTING—30

Alexander	Frelinghuysen	Metcalfe
Anderson, Ill.	Gibbons	Minshall, Ohio
Blatnik	Gude	Moakley
Brasco	Hawkins	O'Hara
Burke, Fla.	Henderson	Patman
Carey, N.Y.	Hogan	Reuss
Chisholm	Jarman	Rooney, N.Y.
Donohue	King	Ryan
Downing	Kluczynski	Steiger, Ariz.
Fraser	Martin, N.C.	Yatron

So the bill was passed.

The Clerk announced the following pairs:

Mr. Rooney of New York with Mr. Jarman.
Mr. Yatron with Mr. Burke of Florida.
Mr. Kluczynski with Mr. Downing.
Mr. Brasco with Mr. Hogan.
Mr. Blatnik with Mr. Gibbons.
Mr. Carey of New York with Mr. Alexander.
Mrs. Chisholm with Mr. Gude.
Mr. Donohue with Mr. Frelinghuysen.
Mr. Fraser with Mr. King.
Mr. Metcalfe with Mr. Patman,
Mr. Moakley with Mr. Reuss.
Mr. O'Hara with Mr. Steiger of Arizona.
Mr. Ryan with Mr. Martin of North Carolina.
Mr. Henderson with Mr. Anderson of Illinois.
Mr. Hawkins with Mr. Minshall of Ohio.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of Alabama. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on this bill and to include extraneous matter.

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

There was no objection.

REVENUES FROM MINERAL LEASES

(Mr. RONCALIO of Wyoming asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. RONCALIO of Wyoming. Mr. Speaker, today I am introducing legislation identical to that already introduced in the House and the Senate by Members from Rocky Mountain States confronted with massive resource development and its related growth impact. This legislation would open up the revenues returned to States from mineral leases on Federal lands for uses other than construction and maintenance of roads and schools.

Wyoming may become the Nation's leading exporter of energy. Not only does Wyoming have oil shale resources, which led me to introduce separate legislation, but also an estimated 21 trillion tons of strippable low sulfur coal, continuing production of oil and gas, 50 million tons of uranium ore, and other minerals essential to the perpetuation of our industrial society and economy.

Mineral resource development is approaching the boom stage in my State and forecasts for population growth and increased demands for services to handle it are alarming. The Wyoming State Legislature, in its recent budget session, began to deal with the problems of growth by increasing the State's severance tax to 3 percent on trona, coal, oil shale, and petroleum other than from stripper wells.

It is estimated that the population will double in northeastern Wyoming by 1990 due to coal extraction and related power plant construction. In the Powder River Basin, job opportunities are forecast to increase from 13,076 in 1970 to 42,013 in 1990. Many jobs will be short-term construction work creating an unstable, transient community. Towns will be without the local bonding capacity necessary to provide the schools, water and sewage facilities, highways, and other public services required.

As the Mineral Leasing Act now reads, the State legislature is given the discretion of how Federal lease revenues shall be spent within the limitations of schools and roads. My State and others like it are going to need greater flexibility in use of royalties and revenues in order to deal with the unique problems of rapid growth. States will still be able to use these funds for highways and schools, but will also, under this legislation, be able to distribute funds received to other areas demanding attention.

WHY CAN'T THE PEOPLE BE PARTNERS IN DEVELOPING OIL ON THEIR OWN LAND?

(Mr. REES asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. REES. Mr. Speaker, during the past few months the Department of Interior has been leasing out some of the more promising oil shale tracts on the public land in the western States. The bonus bids were higher than expected, from $75 million to $210 million, and the winning bids were submitted by those major oil companies which could afford to pay the huge bonuses.

The winning bidders now have the opportunity to develop these known shale resources and convert the shale to marketable petroleum. This process is expensive, of course, so that only the largest oil companies can enter into shale oil development after paying the huge bonuses. As a result, the smaller independent companies are frozen out of this bonanza. Thus we have even greater domination of the energy field by a few gigantic companies.

There are other problems on the horizon. The major bidders for the shale oil tracts tend to be vertically integrated companies; that is, each one covers all phases of the industry from the production of petroleum products to refining to pipelining to distribution to retailing. With their new domination of shale oil resources, there will be even less chance for outside competition from independent refineries, pipelines, distributors, and retailers. More concentration and less competition usually equals higher prices.

Why, when the United States leases out its public lands and tidelands, must it give everything away to the highest bidder? Why cannot the Government, in dealing with our public land, become a partner in the project? This is done in most other countries. U.S. oil companies are standing in line to sign up for such partnership arrangements whether it be in Iran, Peru, Saudi Arabia, or the North Sea.

Let us try out a hypothetical bid that does not go to the highest bidder. The Government decides to lease out a tract of tidelands for oil exploration. If it wished to do so, it could structure the lease so that the public would hold a 50-percent interest. The small-to-medium producer could be encouraged to bid if there was a relatively small bonus but a rather large royalty payment for the oil taken out. Once the bid is given out, the taxpayers would, in effect, be partners with the successful bidder. As partners we could invest funds in the exploration and development of the field, which would solve one of the problems faced by the oil companies—the need for vast amounts of capital for exploration and development.

If the field is a productive one, the taxpayer does well because the Government makes money. Under the present procedure, with its emphasis on large bonus bids, the income from a productive field could have little, if any, relationship to the original bonus. Under the partnership arrangement everyone—the oil company and the Government—would benefit in direct relation to the success of the field.

Once the field is developed and the oil is flowing, the Government could have the option of taking its share of the oil and marketing it to independents. By doing that, there could be far more competition in the pipelining, refining, distribution, and retailing of petroleum products than there is now. More competition, especially in an area where competition has been drastically reduced because of the energy crisis, would in all probability keep prices at an honest and reasonable level.

This partnership approach certainly is superior to other proposals that have been put forward, such as having the Government establish a Federal corporation to go into the business of resource development. Our petroleum companies, large, medium, and small, have the expertise and technology to do the job. With an enlightened Government partnership on public lands and with a policy to maximize competition in the energy field, everyone should benefit—the citizens who own the public land; the petroleum industry, from small to large companies; and, of course, the ultimate consumer.

TURKISH BAN OF OPIUM POPPIES

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

Mr. WOLFF. Mr. Speaker, 3 days ago I held a talk with Turkish Foreign Minister Gunes. He told me there would be no spring planting of opium poppies and no further planting would take place without prior discussions with U.S. authorities.

As I indicated in a special order yesterday I made no threats on withdrawal of aid.

However, some press reports from Turkey today rumor a break of the ban on the growing of opium poppies.

If these rumors become fact and Turkey draws down a curtain of poppies between our two countries, let them be put on notice that the almost $300 million in aid we are to give Turkey in 1974 is in jeopardy—that we, in Congress, will not sit idly by while they reestablish the French Connection and grow opium to shoot heroin into the veins of young Americans.

Perhaps, though, when it comes to the military aid, they do not need us any longer. Maybe they can use poppies instead of planes to protect their people.

WHEAT DEAL COMES HOME TO ROOST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHBROOK) is recognized for 30 minutes.

Mr. ASHBROOK. Mr. Speaker, there can be little doubt now that the Soviet wheat deal was a real disaster. It was promoted with the thought that we could bolster our trade with an enemy and bring peace as well as help our domestic economy. The result has been to hurt our consumer and pile more gov-

ernmental expenses on the back of the already sagging American taxpayer.

The farmer received a short-term benefit. Whatever complaints we might have on the deal, they should not be blamed on the farmer. He merely produces the wheat. His Government made the policy mistakes, not the farmer.

I have written the following letter to the President:

FEBRUARY 28, 1974.

DEAR MR. PRESIDENT: Aside from policy difference regarding the so-called Soviet wheat deal, I think we have now reached the point where we must consider our own basic national interests first. I believe if we do this, we will cancel all further shipments of wheat to the Soviet Union.

No major power in the world can afford to trade away vital resources necessary to the survival of its own economy. In all too many areas we are doing this. We should not be trading vital scrap iron, and grain, for example.

In no area is this policy more ridiculous than in wheat. The American public should not face shortages of any kind at a time when we are exporting wheat we do not have in surplus to any foreign nation, let alone an avowed enemy.

I hope the Administration will reconsider its basic policy and put American interests first.

Sincerely,

JOHN M. ASHBROOK,
Representative to Congress, 17th District.

Mr. Speaker, recent inquiries to my office from constituents of the 17th District have expressed concern over whether there will be an adequate supply of wheat for domestic consumption to carry us through the end of the present 1973–74 marketing year. While this concern would seem to be a simple one, it points up problems effecting consumers, millers, bakers, wheat farmers, exports, transportation, fertilizer supplies, various governmental agencies and future wheat and fertilizer supplies as well. What is obviously needed, to begin with, is a spirit of "give and take" on all sides to cope with the present and future problems in this area.

The February 5 issue of the Chicago Tribune carried an item entitled "Keep Wheat at Home, Bakers Ask" in which bakery industry spokesmen predicted a drastic increase in the price of bread unless steps are taken to insure an ample supply of wheat for American consumers. This was basically the same fear expressed by almost every grain exporter last August because of foreign demand for U.S. wheat shipments. A Department of Agriculture—USDA—spokesman at that time conceded that increased exports were pulling U.S. reserves to the lowest level in 27 years. Later, in January of this year, an item in the Baltimore Sun on the 9th stated:

Wheat exporters are being quietly urged to delay foreign deliveries wherever possible to conserve the dwindling United States supply of bread grain until a new harvest is ready next summer, the Agriculture Department disclosed yesterday.

Several weeks later, in a nation noted for its huge wheat-producing capacity in past decades. President Nixon signed a proclamation making it legal to import as much wheat into this country as anyone wants to ship to us. These two adminisration actions certainly indicated some concern over a possible domestic wheat shortage.

On the other hand, as reported by Senator ROBERT DOLE of Kansas on February 25, the National Grain and Feed Dealers Association has projected a carryover supply of 150 million bushels of wheat above the domestic and export need. Senator DOLE also cited reports from several large grain companies as well as many of the grain elevators located in the wheat producing areas that they had 50 to 100 cars of wheat sold, but were unable to ship because of a lack of railroad equipment. This problem, the shortage of railroad cars for wheat transportation, was further accentuated by Governor Dan Walker of Illinois in September of last year when he was quoted as saying that Illinois alone has "300 million bushels of grain in elevators that may never reach market."

One further development stressing the seriousness of the transportation problem which affects both the consumer and the farmer was the effort by Secretary of Agriculture Earl Butz on March 13, 1974, to make available 4,000 additional railcars to transport fertilizer to farmers in time for spring planting.

To further complicate matters, not only is there a railcar problem but, according to Don Paarlberg, Director of Agricultural Economics at USDA, last September, a fertilizer shortage has been caused in large part by soaring overseas fertilizer exports. While hoping for a bumper crop of wheat this year, USDA cautions us that a fertilizer shortage could mean further trouble for the wheat farmer.

The fertilizer situation is at present serious enough to warrant a concerted effort on the part of involved Federal agencies to establish priorities aimed at increased production and distribution of this much needed commodity. I have introduced House Resolution 983 relating to the serious nature of the supply, demand, and price situation of the fertilizer problem. This proposal emphasizes the need for additional effort by the Federal agencies.

Even though the administration has released millions of additional acres from the set-aside program for wheat planting, needless to say, a serious fertilizer shortage can have a serious effect on our planned surplus in the coming months.

In addition, I am contacting the Interstate Commerce Commission concerning what steps, within their authority, are being taken to assist both the consumer and farmer in transporting both the wheat and fertilizer to their various destinations.

Also, Secretary Butz is being asked to provide a clarification as to the present status of the wheat supply and whether present supplies, plus voluntary postponement of wheat exports temporarily will insure an ample supply of wheat until this year's crop becomes available. Furthermore, USDA is being queried about the feasibility of establishing a basic stockpile of wheat for domestic consumption, a recommendation that has been advanced recently.

It is becoming increasingly evident that the role of foreign trade is playing a major role in our present food situation. On February 22, 1973, Assistant Secretary of Agriculture Carroll Brunthaver made this quite clear:

Let me emphasize that the decision for an export-oriented agriculture has already been made. It is already being implemented, and has been for some time. The machine is rolling, and we are not going to throw it into reverse.

While the export of our agricultural products is both a legitimate and worthwhile practice, our experience with the controversial Soviet grain deal of 1972 indicates that constant supervision is called for in the export area. It should be remembered that, with the U.S.S.R. facing a major food shortage in 1972, the United States was presented with a unique opportunity to obtain cash or gold for our wheat but instead granted the Soviets $750 million in credit.

As I pointed out in a past Washington Report, the U.S. taxpayer was socked for $3 million in subsidies to U.S. exporters in a deal that allowed Russia to corner one-fourth of our wheat crop. The result was a large increase in wheat prices and subsequent increases in livestock and poultry. In addition, it was charged by the General Accounting Office, an agency of Congress and independent of administration pressure, that USDA ignored early evidence that the Soviets would be forced to buy large quantities of wheat in 1972, that the Department paid more in trade subsidies than was necessary, and the USDA presented distorted pictures of the trade to U.S. farmers who were selling their wheat.

Ironically, a year later the New York Times of August 17, 1973, carried a story headlined: "U.S.-Enriched Loaf is a Bargain at 23 Cents in Moscow Stores." The account began:

While American housewives are paying higher prices for baked goods, Russian bread remains one of the biggest consumer bargains in the Soviet Union.

As if to prove its point, the Times ran this item on the same page:

U.S. BREAD PRICES RISE

Last week major bread producers in the United States announced raises of 1 to 4 cents a loaf, depending on the size and type of bread. These increases represented the highest cost of flour brought some weeks ago.

With the price of wheat rising daily on the commodity markets, the price of bread is expected to go up still further.

In New York, a 1-pound 6-ounce loaf of white bread that had been selling for 46 cents was up to 49 cents.

Adding insult to injury, Vladimir S. Alkhimov, Deputy Minister of Foreign Trade for the U.S.S.R., stated on January 28, 1974, that the Soviet Union would be willing to sell wheat to the United States—if our shortages become severe.

The Soviet offer was made possible, of course, by the record grain crop harvested by the Soviets in 1973. One important aspect of the 1973 crop was pointed out in the Baltimore Sun of October 29, 1973, in a headline reading

"Record '73 Harvest To Speed Growth of Soviet Industry."

The Sun article led off by stating that:

An all-time record grain harvest of about 215 million tons is expected to improve the overall Soviet economy and release many millions of dollars of foreign currency for industrial development.

With the high priority given to the production of military implements of war, it is safe to assume that the "industrial development" will certainly include the producing of additional tanks, airplanes, SAM missiles, et cetera, for future harassment of the free nations.

The article also speculated that the 1973 harvest was likely "to stiffen Kremlin policymaking generally." If true, the 1973 record crop could help to explain why, while the United States was exerting every effort to persuade the Arabs to lift the oil restrictions to help alleviate the energy crisis at home, one press account reported on March 13: "Moscow urging Arabs to retain U.S. oil embargo."

Evidently our relations with the Soviet Union is not a two-way street. When the Soviets had food troubles in 1972, we bailed them out with the no-concessions grain deal. And how did the Soviets reciprocate in 1974? While we were negotiating with the Arabs for more oil, the Soviets were trying to frustrate our efforts by encouraging the Arabs to keep the embargo.

The above example of the grain deal and the energy crisis clearly demonstrate the importance of foreign policy in our domestic affairs. Presumably, little attention is given by the consumer to our present disastrous foreign policy which, in the name of détente, has effectively placed the interests of Communist governments before our own. A number of us here in Congress have stressed the defense-before-détente policy, but it has largely fallen on deaf ears. One effect at least of the Soviet grain deal and our present wheat situation was to bring into the American home the danger of this so-called détente policy which understandably has less citizen interest generally than the issue of food prices and shortages. In August, 1973, I stressed this theme in an issue of the Washington Report:

All too often our foreign policy works against the best interests of the American people. Nowhere is this more true than in the Soviet wheat deal—a deal I warned against last year. The Administration, in its eagerness to befriend the Soviet Union, has cost the American taxpayer and consumer hundreds of millions of dollars.

Several years ago, when East-West trade proposals were being advanced, I asked a Navy flyer who had been jailed and beaten by the North Vietnamese whether he had any evidence of Soviet involvement in the Vietnam war. He stated simply that a Soviet SAM missile had shot him down. In the same vein, it must have been exasperating to Vietnam veterans to learn how we got "taken" in the Soviet grain transaction. The military supplies that the Soviets provided the North Vietnamese sent many an American boy home in a coffin. Now Red China, the other main supporter of the Vietnamese Communists, will purchase from the United States 140 million bushels each of wheat and corn this year. A Baltimore Sun item of February 13 states that the Chinese have played it low-key and spread its business over a number of American firms.

On the subject of East-West trade generally, this administration is so enchanted with the détente thesis that basic considerations relating to national security now take second place. Recently, an article in Business Week described the Pentagon's concern over the transferral of vital technology to the Soviet Union which, in the long run, would greatly aid their war machine. As in the Soviet grain deal, it seems that just about any concession is in order if it appeases or entices Communist officials. Not long ago I cosponsored a resolution calling for suspension of further credit to the Soviet Union through the Export-Import Bank until Congress reviews this issue.

Fortunately, at least for the time being, the Bank announced on Monday of this week that it was suspending temporarily consideration of all export credits to the Soviet Union and three other Communist countries pending clarification of a technical legal issue raised by the same General Accounting Office mentioned previously. Another measure which a number of us here in the House have introduced is a provision which denies loans to the Soviet Union until it allows the right of emigration to its citizens. This is an example of a quid pro quo which the administration could have used in the Soviet grain deal but did not. Such a move on the administration's part would, of course, alienate the Soviets.

Another recommendation—this was related to the Vietnam war—I suggested in my Washington report of April 19, 1972, also went unheeded. The proposal was made that:

A denunciation of the Soviet Union for its role in supplying, aiding and abetting the principal aggressor is clearly called for, and the President should also immediately order home the agricultural delegation headed by Agriculture Secretary Butz now visting the USSR.

As shown from the foregoing, there are a number of vital issues which are receiving close scrutiny and which have been occasioned in part by citizen inquiries on the present wheat supply. Hopefully, USDA's assurance that there will be available enough carry-over wheat to cope with domestic demands will prove to be correct. However, assurances alone are hardly reassuring in this case. Questions as to what uncommitted stocks are on hand, what percentage of sold wheat is slated for domestic consumption, and what is the amount of overseas sales still to be fulfilled seem to have a direct bearing on the present supply.

Again, hopefully, in viewing the overall picture—the problems of the energy crisis, fertilizer, transportation, exports, détente, and foreign policy, adequate consumer needs, to mention a few—will bring home to us that the food issue is multifaceted and requires the cooperation and forbearance of all citizens to resolve our difficulties, both present and future.

GARBERVILLE, CALIF., MARKS 100 YEARS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. DON H. CLAUSEN) is recognized for 5 minutes.

Mr. DON H. CLAUSEN. Mr. Speaker, the February 7 edition of the Garberville, Calif., Redwood Record included an excellent article commemorating the 100th anniversary of the unincorporated town of Garberville on March 16, 1974.

As a youngster I had the opportunity to visit Garberville on a number of occasions. These opportunities came when my family and I would camp at Redway and Richardson's Grove—two beautiful recreation areas near Garberville on the Eel River.

It is for this reason that Garberville holds a favorite spot in my heart and I want to take this time to pay tribute to Jacob C. Garber and the town's early pioneers, and to all their descendants still living in this beautiful Redwood Empire community. I also think it is fitting to commend those townspeople involved in this centennial anniversary celebration.

I am inserting the following article—which was written by Mrs. Zella Wright, an active and dedicated community leader—in the CONGRESSIONAL RECORD to add prominence to the occasion and to record permanently the story of Garberville for my colleagues in the Congress and for all Americans to read and enjoy.

In addition, let me take this opportunity to extend a standing invitation to my colleagues to this fine resort area.

The article follows:

GARBERVILLE, CALIF., MARKS 100 YEARS

The unincorporated town of Garberville will be 100 years old in March, and plans are being made by the Chamber of Commerce for a number of events marking the Centennial Celebration.

It was on March 16, 1874 that Jacob C. Garber, for whom the town is named, was granted a permit for the establishment of the Garberville Post Office.

One of Southern Humboldt's early pioneers, Garber came to California in 1845, at the age of twenty-one. He was born in Fort Republic, Va. on Jan. 7, 1824, the son of Martin Garber, Sr. and Magdalene Mohler Garber. The family moved to Pennsylvania in 1836, and Jacob grew to manhood there, living for a short period also in both Iowa and New York before coming West.

While residing in Nevada County, California, he engaged in mining for a number of years, and also served as County Recorder there with much credit to himself. From Grass Valley, he moved to Humboldt county in 1867; and the following year settled on a little flat on the banks of the South Fork of the Eel River, at the site now owned and occupied by the State Department of Transportation (Division of Highways). There Jacob Garber built a three-room log house, one room of which was used for a store which the few surrounding settlers referred to as the South Fork Trading Post. The building was constructed of native logs, the timbers hand hewn and the boards hand split.

In that same year of 1868, Garber married Miss Julia Wheeler. In 1873 he purchased a parcel of land on the flat now occupied by the town of Garberville. The lot was located in the center of town, on the west side of the main street, where the Western Auto store (site of the old Garbervillle Mercan-

tile Store) now stands. Upon completion of the store, Garber added space for Garberville's first post office and applied for a post office permit. This permit was granted on March 16, 1874, and the new-born settlement was promptly named Garberville. Today the town stands as a monument to Jacob Garber's foresight and industry.

Prior to this time, the settlement was known variously as South Fork or Dogtown. Previous to establishment of the post office, mail was carried in over the hills to the east by horseback, from a place called Centre Station. This was a site on the old Mail Ridge Trail where the Harris Road branched to continue on to Fruitland. A cabin was located there and a corral and barn where horses were kept to provide fresh steeds for the stage coaches which traveled this key artery.

A NEW STORE

Jacob Garber built a store on his property purchased in 1873, named simply Garber's Store. It was partially replaced by a new building about 1911 or 1912. The wood siding and roof were at this time replaced with corrugated iron to provide greater stability and protection against fire.

The first merchandise for Garber's enterprise came by mule train from Shelter Cove, then a key north Pacific coast port. The pioneer Parker Brothers operated the mule train. Later, when a road had been built between town and the cove, wool, hides, deerskins, sheep, dried venison and fruit, eggs and butter were hauled from Garberville for shipment at Shelter Cove. In 1878 the principal wool shippers from the area were Garber, a man named Martin, and M. Saunders & Co.

Jacob and Julia Garber had no children of their own. However, they took to their hearts a seven year old, part Indian girl, Alice Emma Conness (who later became Mrs. Joseph Caton) and raised her. They never, however, officially adopted her. In 1887, Mr. and Mrs. Garber decided to leave Garberville and moved to Grangeville, Idaho. Their store here was purchased by three local men, Fred Coady and brothers Benton and Lemuel Dahle, the latter a brother-in-law of Julia Garber.

Both Mr. and Mrs. Garber were held in great regard by their friends and neighbors of Garberville for their superior character, their strong and energetic ways and their deep love of the soil and the great outdoors.

Jacob Garber died in Grangeville, Idaho on Oct. 2, 1904. His years there had been distinguished also with community service. After a few years spent farming and raising stock, he was named Probate Judge in 1891. In 1897 he was appointed postmaster of Grangeville, a position he held until his death.

PIONEER REGISTRATION

Chamber of Commerce director Zella Wright has been named by President Dan Healy to chair the Centennial Celebration observances. "We are already busy with plans for several events," she said today, "with many more to come. One of the most important things we'd like to accomplish during this Centennial year is the registration of all residents whose family members have lived for a considerable period in Garberville and the immediate environs. We are looking for two particular categories: (1) those who trace their family residency back more than 100 years and (2) those who fall in the 75 to 100 year category. As soon as details are finalized, registration sites will be announced. We hope that all will come forward to record their names."

Planning for two other activities is underway—a showing of pioneer artifacts, and an exhibit of photographs of pioneer residents and early Garberville scenes. Mrs. Wright has asked Margo McReynolds to chairman the former, and Rae Matthews to take charge of the photo display.

Mrs. McReynolds has started work and to date has named Lynne Neyman, Frances Dell Era, Sam McCush and Donna Crenshaw to her committee. Additional names will be added as plans progress. The tentative date for this event is sometime in July.

Mrs. Matthews is planning the old photo exhibit for August. Anyone having photographs they feel may be of interest, and which they are willing to display, should call Mrs. Matthews. If you cannot reach her, leave message at the Redwood Record.

Many "mini exhibits" and additional community events are in the formative stages. Announcements will be made in the Record as plans progress and chairmen are named for each activity.

ABANDONMENT DISASTER DEMONSTRATION RELIEF ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. DIGGS) is recognized for 5 minutes.

Mr. DIGGS. Mr. Speaker, for Congressmen FORD, DINGELL, NEDZI, CONYERS, Congresswoman GRIFFITHS, and myself, I introduce the Abandonment Disaster Demonstration Relief Act.

This coalition of Members of the House, representing districts in the Detroit urban and suburban area, has consistently fought to improve the conditions under Federal housing programs in our own metropolitan area and others across the country.

The problem we address today is that of abandoned housing—homes which have been acquired by the Department of Housing and Urban Development and the Veterans' Administration through foreclosures.

Mr. Speaker, we recognize that the crisis in abandoned housing is a disaster that knows no city boundaries. While the core of the city remains the most severely damaged area by the blight of abandoned homes, the suburban areas are carrying an ever-increasing share of the burden as more and more homes are left open for months to the terror of vandalism, disease, and crime, and breed decay for the entire neighborhood.

As of December 31, 1973, HUD reported owning 75,269 repossessed units nationally, including about 12,000 in the Detroit area alone. The figure on actual HUD-related abandoned units is probably even higher than this, since the houses are often abandoned for months before repossession by HUD.

The cost of these abandoned houses is staggering—as witnessed by the article I have enclosed from the Washington Post of March 16, 1974, which places the yearly cost of defaulted mortgages at $2 billion.

The bill we offer has as a major goal the correction of gross defects in the present system of management of these properties. It would help communities like the Detroit metropolitan area, that are suffering from the abandonment disaster, to rehabilitate salvageable housing, to increase the supply of new housing with special emphasis on the needs of moderate- and low-income families.

The bill would establish a Neighborhood Corporation, a special government-sponsored corporation to deal specifically with abandoned housing units.

This Corporation would be able:

To secure possession and ownership of many abandoned housing units quickly to prevent deterioration of the unit and to stem the spread of abandonment in a neighborhood;

To renovate and rent or sell abandoned units and to originate mortgages at interest rates below the going market rate;

To hold land for redevelopment and to construct new housing in accordance with a city's community development or housing plan.

In addition, housing units now owned by the Department of Housing and Urban Development and the Veterans' Administration would be turned over to the Corporation. The Corporation would pay HUD and VA the amount remaining on the foreclosed mortgage or the fair market value, whichever is less.

The Corporation would be authorized to operate 5-year demonstration programs in three metropolitan housing areas. If the approach works, the life and activities of the Corporation could be extended by Congress. If it fails, the Corporation would phase itself out at the end of the 5-year period.

Program areas would be selected on the bases of the seriousness of their abandonment problems and of the proposals of the major city in the market area to work with the Corporation. The Corporation would be authorized to work with suburban communities within the area which have an abandonment problem.

The Neighborhood Corporation would be funded through issuance of $35 million worth of stock which the Secretary of the Treasury would be required to buy.

Additional capital would be raised through issuance of debt obligations in the private capital market not to exceed $350 million. The Treasury would be authorized but not obligated to purchase these obligations.

The backup authority of the Treasury, similar to the approach which has enabled the Federal National Mortgage Association and other Government-sponsored organizations to raise money, and the guarantee of at least 10 percent equity capital would encourage investors to purchase the Corporation's debt obligations.

Because the obligations sold by the Corporation would not be debt obligations of the United States, the Corporation's funding would not be affected by any Federal debt ceiling.

We believe this bill is vital to Detroit and its suburbs if we are to stop the perpetual monstrous bureaucracy that has turned whole neighborhoods into crime-ridden jungles of empty buildings. Each of the Members who joins me today has seen the deterioration of neighborhoods in his or her own district.

The approach offered in our bill offers an alternative to self-perpetuating Federal agencies whose programs have failed. It also emphasizes the cooperation and input of local communities in

planning and implementation of programs, rather than Federal domination of plans.

Mr. Speaker, the legislation we introduce today in the House was drafted and introduced in the Senate by my distinguished colleague from Michigan, Senator PHILIP HART; it is my hope that both the Senate and the House will act on this important legislation to stop the disaster of abandonment from destroying our urban and suburban neighborhoods. I would like to include in the RECORD the article I alluded to from the Washington Post of March 16, 1974:

[From the Washington Post, Mar. 16, 1974]

DEFAULTS HIT HUD SUBSIDIES

(By William Chapman)

The Department of Housing and Urban Development is now spending $2 billion a year to bail out housing subsidy programs in which there has been a massive wave of defaults on federally insured mortgages.

That is more than four times as much as HUD was spending to acquire defaulted mortgages and properties in 1970, and administration officials predict the total will keep rising in the years to come.

Two special HUD funds created to back up the mortgage insurance programs have been plunged deeply into debt in the past few years and HUD now is being forced to borrow $1 billion a year from the Treasury to meet its obligations to lenders who held the bad mortgages.

This backdoor financing out of the Treasury disturbs some members of Congress, who see it as virtually unstoppable. However, Congress so far has refused to appropriate money—as required by its own authorizations—to pay off the mortgages.

In the view of some HUD officials, there is no end in sight to the acquisitions, even though President Nixon has frozen the major housing subsidy programs that produced the wave of defaults in the past five years. Millions of dollars in federal insurance were committed to the subsidies before Mr. Nixon froze them early in 1973.

Asked yesterday when the wave of defaults might crest, one HUD official turned up the palms of his hands and said, "I wish I knew."

Most of the defaults have occurred in low-cost housing subsidy programs started in the late 1960s to help poor and moderate-income families get decent houses. In thousands of cases, the families proved unable to keep up payments, and the government was committed to buying the mortgages from lending institutions, principally mortgage bankers and savings and loan associations.

Extensive fraud, mismanagement and bribery in many of the cases have been brought to light by federal prosecutors in the last two years. Thousands of the homes were sold to the poor at vastly inflated values under Federal Housing Administration mortgages. In many cases the properties acquired are worth only a fraction of what the government paid for them.

H. R. Crawford, HUD's assistant secretary for housing management, yesterday gave this picture of his inventory: By acquiring defaulted mortgages, HUD now owns 75,000 single-family homes and 25,000 apartment units. Another 139,000 homes or apartment units are in some stage of default and about 70 per cent of them ultimately will have to be absorbed by the government. By next year, Crawford said, he expects the government to have about 200,000 homes or apartment units on its books.

Crawford also said he, expects the default rate in certain of the subsidy programs to rise in the next few years.

The accelerating rate of government acquisitions is illustrated by a comparison of 1970 and estimates for the 1975 fiscal year.

In 1970, HUD had to spend $448 million to acquire properties with defaulted mortgages. Budget officials at HUD yesterday estimated that in Fiscal 1975 that will have risen to more than $2 billion. In the current fiscal year, which ends this June, the amount spent is estimated to be $1.9 billion.

HUD is now able to recoup about half of the $2 billion by reselling the properties or through insurance premiums taken in from the properties not in default. That leaves the other half, about $1 billion, to be borrowed from the Treasury.

Congress created two insurance funds that were supposed to have enough reserves to absorb the losses, but both funds have been exhausted. One of them, the General Insurance Fund, is expected to have a deficit of $715 million by mid-1975. The other one, called the Special Risk Fund, will be $810 million in the red by mid-1975, HUD budget officials estimate.

The rapidly deteriorating position of the two funds has provoked an investigation by the House Government Operations Committee's Subcommittee on Legal and Monetary Affairs.

FHA Commissioner Sheldon B. Lubar, in a letter to the subcommittee, has estimated that HUD must call on the Treasury for $1 billion in the current fiscal year and for $1.085 billion in the next fiscal year. By last December, HUD already had been forced to borrow nearly $2 billion from Treasury.

The practice of borrowing from the Treasury disturbs some of the subcommittee members. "It was not the original intent of Congress to have this money taken out of the Treasury," said Rep. Sam Steiger (R-Ariz.), ranking Republican member of the subcommittee.

"The idea was that they would be self-sustaining. If the deficits were to be made up, it was supposed to be out of the regular appropriations process. But now it's become an automatic authorization."

Two years ago HUD sought an appropriation to make up the expected deficit in one of the funds. It was turned down by the House Appropriations Committee, which suggested that HUD wait until the exact amount of the deficit was known.

This year, with the funds deep in debt, HUD is seeking a $92 million supplemental appropriation to meet part of the deficit and lessen its reliance on Treasury borrowings. Congress has not yet acted on the request for the supplemental appropriation.

FAIR WEATHER FRIEND—XIII

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas (Mr. GONZALEZ) is recognized for 5 minutes.

Mr. GONZALEZ. Mr. Speaker, as you know from my recent statements, I was recently attacked by a labor group, the Labor Council for Latin American Advancement. Furthermore, you know this attack was organized by a very few people and not cleared by the board of that organization.

Yet, despite this attack, various officials of the AFL–CIO continued to praise me for my work in Congress in behalf of the labor men and women of this country.

For example, I have received a number of letters thanking me for my support of the 1974 Amendments to the Fair Labor Standard Act.

An example of my response to these letters is as follows:

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 19, 1974.

Mr. PATRICK E. GORMAN,
Secretary-Treasurer and Chief Executive Officer, Amalgamated Meat Cutters, 2800 N. Sheridan Road, Chicago, Ill.

DEAR MR. GORMAN: I want to thank you for your letter in support of the 1974 Amendments to the Fair Labor Standards Act.

You know my voting record in these matters, so you know that I support legislation that advances justice for American workers.

I have for years been unable to understand why the AFL–CIO, in general, and your Union in particular, have subsidized and supported certain individuals who are dedicated to my defeat. I don't know what these persons hope to gain and I don't think that you have gained anything from their activities either. Up until now, I have been willing to bear all of this silence, but of late these individuals have taken to making public attacks on me and that is just too much. I am replying, in kind, and I enclose a series of statements that form a part of what I intend to say. You are supposed to be interested in justice, and I know that I am. I'd like to see you do something for one of your friends, namely, me.

Sincerely yours,

HENRY B. GONZALEZ,
Member of Congress.

Mr. Speaker, for the record, I would like to submit once again the text of the attack which was made on me by this so-called Labor Council for Latin American Advancement which none of the national AFL–CIO officials have refuted.

LABOR COUNCIL FOR LATIN AMERICAN ADVANCEMENT,
Washington, D.C., Dec. 19, 1973.

The Labor Council for Latin American Advancement (LCLAA), the trade union voice of U. S. workers of Latin descent, has vigorously condemned the union-busting attitude of Congressman Henry B. Gonzalez of Texas, while reaffirming support of the strikers who launched a national boycott against the Farah Manufacturing Co., a big producer of men's pants.

For over 20 months, 3,000 workers at the Farah plant in El Paso, Texas have been on strike to protest inhumane treatment and to demand that Farah allow them to unionize. They have been aided in this struggle by the Amalgamated Clothing Workers Union, and backed by the AFL-CIO. Because of the success of the boycott, two Farah plants in San Antonio were just closed. Plants in Las Cruces, N. M. and Victoria, Texas had to be shut down earlier this year. Farah strikers are mostly Mexican-Americans, and about 85% are women—all struggling for human dignity and social justice. They also have the full backing of the Catholic Church and the help of Archbishop Francis J. Furey.

On December 8, in a shocking demonstration of anti-unionism, Congressman Gonzalez offered to aid the Farah Co. to obtain a federal loan to re-open the San Antonio factories. Gonzalez also urged President William Farah to reconsider the closings. The LCAA says "Gonzalez is on the side of big business and against the Farah strikers, who are only asking for a fair share."

As a result of the San Antonio Plant closings, the Farah strike-breakers who had been hired to replace the strikers took their anger out on a meeting of Catholic leaders. They put 60 pickets on the street outside a

Catholic meeting that had nothing to do with the Farah strike. Congressman Gonzalez visited the pickets and expressed support of the Company.

The LCLAA strongly denounces Gonzalez for his actions, and reaffirms the sentiments which led to unanimous approval of two Resolutions supporting the Farah strikers at the LCLAA Conference held in Washington, D. C. in November. That Conference was addressed by AFL–CIO President George Meany, Senator Joseph Montoya of New Mexico and other distinguished people in and out of the labor movement.

TEXT OF TELEGRAM SENT TO GONZALEZ BY LCLAA

The Labor Council for Latin American Advancement representing thousands of workers of Latin American descent is appalled at your support of the union-busting Farah Manufacturing Company of El Paso, Texas, a company representing the worst kind of reactionary employers. Their notorious policy of exploiting and abusing Mexican-American workers has forced its employes to go on strike in defense of their human dignity and in the pursuit of legitimate improvement in their social, economic and working conditions stop Your identification with scabs and support for such union-busting tactics are cause for great concern stop We urge you to reconsider this policy and to work towards persuading the Farah Manufacturing Company to abandon its policy to ignore existing laws, to cease and desist from its union-busting tactics and, above all, to treat its employes as human beings and not with the contempt and prejudice presently demonstrated stop

RAY MENDOZA,
Chairman.
J. F. OTERO,
1st Vice-Chairman.

Mr. Speaker, who is Ray Mendoza? Who is J. F. Otero? We know who Don Slaiman is and that he is no longer the AFL–CIO director, but we have not heard from him or the others.

Neither George Meany, Don Slaiman, or Andrew Biemiller—all big panjandrums of labor—have even had the courtesy and decency to answer my letters. Well, as we say in Spanish: "El que más saliva tiene, más pinole traga (he with the most saliva eats the most pinole). These gentlemen ought to know, I have plenty of saliva.

THE PRESIDENT'S STATEMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Iowa (Mr. MEZVINSKY) is recognized for 5 minutes.

Mr. MEZVINSKY. Mr. Speaker, in Houston last night, the President made a statement that shocked me and raised the ire of many of the people in the First District of Iowa.

In response to a question from Waterloo, Iowa, newsman Grant Price, who asked what kind of assurances the administration offers farmers that increased food production will not drive farm prices down, the President glibly indicated that our farmers are doing pretty well for themselves. He said farmers "have never had it so good."

The only excuse for such a misleading statement is that Mr. Nixon must be so distracted by other matters that he is totally unaware of the agricultural situation in the country today.

Indeed, 1973 was a long-overdue good year for most farmers and record prices resulted.

However, farm expenses are rising relentlessly and threaten to take a massive bite out of farm income.

It is expensive to farm and getting more and more so. Staggering increases have been registered in the prices of fertilizer, farm machinery, feed, and feeder livestock. Add to this the severe shortages in many areas—especially in fertilizer and some important feed additives such as dicalcium phosphate—and it is clear that our farmers are facing pressing problems.

The cattle industry is on its knees and it is estimated that beef producers—hit by rising feed costs—are losing more than $100 on each steer they take to market. It is also ironic that many hog producers are actually losing money raising the pork which has been selling for record high prices at the supermarkets.

It is incredible that the President is apparently unaware of these problems.

Instead he tells the Nation that farmers are having a heydey. He even had the audacity to compare the farm situation with that of the oil industry where profits are skyrocketing.

With consumers looking for a culprit on whom to pin rising food price blame, the President pointed an unjustified finger at our farmers.

Not only did he avoid answering the very pertinent question from Mr. Price, Mr. Nixon indulged in a misleading statement that adds to the misunderstanding of the problems facing America's farmers.

I would hope that Mr. Nixon finds some time to study the agricultural situation before his next prime-time TV appearance.

PERSONAL EXPLANATION

(Mr. BINGHAM asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BINGHAM. Mr. Speaker, on March 11, because of the funeral services held for Mrs. Hugh Carey, I was unavoidably absent from the floor for roll No. 73. Had I been present, I would have cast a yea vote.

On February 6, I was unavoidably absent from the floor for roll No. 25. Had I been present, I would have cast a yea vote.

CARE IN GUATEMALA

(Mr. PEPPER asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PEPPER. Mr. Speaker, it was my privilege on a recent trip to Guatemala to meet Mr. William F. Salas, Director of the Cooperative for American Relief Everywhere (CARE) in Guatemala, who was kind enough to tell me of the wonderful work that CARE is doing in that country and around the world. CARE is a partnership effort between recipients and donors in coordinated programs aimed at developing the ability of local groups to attain a decent standard of living on their own. One of this organization's most important contributions to the people of Guatemala, under Mr. Salas' able leadership, is in providing food for 400,000 school children and 105,000 new mothers and mothers-to-be who would otherwise suffer from inadequate diets or malnutrition.

Unfortunately, these figures are now being reduced because of cuts in food allocation by USAID this year. In addition to its efforts to feed the hungry, CARE is training workers for new jobs, educating children, teaching adults to read and write, aiding in the construction of schools, clinics, roads, water systems, and public health and sanitation facilities. I was so impressed by all that this great organization is doing to make the quality of life so much better and happier for countless people, not only in Guatemala but in 33 other countries, that I asked Mr. Salas to put into writing what he had told me, which he graciously has done.

I ask, Mr. Speaker, that Mr. Salas résumé of CARE's work in quieting the cries of the hungry child, in nourishing the body of the weary mother, in kindling the fires of knowledge in uneducated minds, and in offering health care to those who have never had such care, be inserted in the body of the RECORD following these remarks:

CARE,
Guatemala, February 14, 1974.

Hon. CLAUDE PEPPER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN PEPPER: First of all, I wish to thank you for the time you gave me to explain the CARE operation in Guatemala.

In accordance with your suggestion, I am enclosing a résumé of our work here, which you so kindly offered to include in *The Congressional Record*. I hope it is brief and explicit enough so that the readers may get the same kind of an understanding as you did of what CARE is doing.

Please convey my very best regards to Mrs. Pepper, and I hope that we will have you down here again very soon.

Very truly yours,
WILLIAM F. SALAS,
Director of CARE.

CARE DEVELOPMENT PROJECTS IN GUATEMALA

INTRODUCTION

CARE—Guatemala is only one of the 34 countries in which CARE operates overseas. Although CARE's work in this country is relatively limited as compared to its operations in other parts of the world and therefore cannot be presented as a typical CARE operation, it is representative of what CARE is doing overseas. Bearing in mind that each country has its own problems and its own priorities, this report briefly stresses some of the needs which are being met in Guatemala. However, before proceeding, one must consider briefly what CARE is and how the original concept of CARE's work has changed.

Food has been synonymous with CARE since the end of World War II, when CARE food packages meant survival for starving European families until their own fields could again be harvested. As the European

economy recovered, attention turned to emerging nations and other continents. The problem was no longer a question of rebuilding what had been destroyed, but to build what had never before existed. CARE began to move in new directions.

Beginning in the early 50's, U.S. food donations enabled CARE to shift its emphasis from relief packages for individual families to school lunch, food-for-work and other feeding programs that develop human resources and raise the living standards of vast groups of people.

Simultaneously, a second dimension was added—CARE's Self-Help Program—to give tools to help people help themselves. In packages and special projects, CARE began to send supplies to meet every type of need—to expand food production; train workers for new jobs; educate children and teach adults to read and write; spur construction of schools, clinics, roads, water systems, public health and sanitation facilities; and, finally, through CARE's "MEDICO" service, even doctors and nurses to practice and teach modern medicine.

Today, after 28 years, CARE is a partnership effort between recipients and donors in coordinated programs aimed at developing the ability of local groups to attain a decent standard of living on their own. Throughout CARE's day-to-day operations, the donations are matched in some form by recipients, from the host governments to the community groups who benefit directly. The know-how gained in organizing and administering long-range projects for human progress is passed on to the local leaders and counterpart agency people with whom CARE works.

CARE-GUATEMALA

The CARE-Guatemala program, in operation since July of 1959, began with the primary interest of improving the nutrition of Guatemalan pre-school and primary-school children with food obtained from USDA through AID. CARE's original feeding program was with pregnant and lactating mothers and their pre-school children, mostly within Guatemala City and later the Department (State) of Guatemala. The feeding program was then expanded to include the school children in the primary grades of Guatemala City and later in the Department of Guatemala. These two programs were further expanded in 1968 to cover the entire country, including 400,000 primary-school children and some 105,000 pregnant and lactating mothers and their pre-school children. Because of cuts in food allocation by USAID this year, we may only reach 225,000 primary-school children and 75,000 pre-school children; and the possibility exists that USAID may reduce even more these tentative figures in 1975.

FEEDING PROGRAMS

School feeding

This program is ongoing in some 2,700 schools in Guatemala. It is limited to children in public primary schools (first through sixth grades). Along with each school-feeding program, there are school-snack parent-teacher committees. These committees are given the responsibility for setting up a school kitchen and for providing such items as pots, pans and fuel with which to prepare the daily snack. In addition, the committee generally provides someone to help in the preparation of the food.

CARE maintains 28 regional warehouses—at least one in every department—from which school directors, with help from the municipalities, pick up the PL 480 foods for their schools. CARE supervisors make monthly visits to all areas to help with problems which may develop. Individual schools are also "spot-checked" on a regular basis.

Maternal-child feeding

The Maternal-Child Welfare Program feeds pre-school children and lactating and pregnant mothers, and is being operated with the cooperation of the Ministry of Health, through their health centers in every department of Guatemala.

Only flour, corn-soy blend (CSB), bulgur, soybean oil, etc. from the approved list of PL 480 commodities are given to these recipients, now that milk is no longer available.

In some areas, where there are no local health units, volunteers have set up Maternal-Child feeding programs to help fight malnutrition. CARE is glad to provide the foods for these programs, providing the controls and distribution systems are well planned and administered.

Pregnant and nursing mothers and all pre-school-age children are eligible to receive up to 8.3 lbs. of food per month, although this may be reduced by AID in fiscal year 1975.

FOOD DEVELOPMENT AND NUTRITION RESEARCH

Because of the threatened shortages of PL 480 foods, CARE has become very active not only in applied nutrition research, but also in seeking local substitutes for the PL 480 foods which are less available from USDA. To this end, we are experimenting with regional and international organizations in projects which will—we hope—eventually replace U.S. PL 480 food donations with local foods.

In addition to supporting the Government of Guatemala's desire to replace donated PL 480 foods, CARE also monitors the effects of the PL 480 food supplementation by the utilization of growth curves intended to evaluate the individual health-status progress of each child. Concurrently along with these growth curves, intensive nutrition education classes for pregnant and lactating mothers are being implemented in many urban health centers. We hope to expand this into the rural areas in the near future. Some of the visual aids especially produced for these programs include charts and filmstrips.

CARE is also vitally concerned with the effective coordination of all Government of Guatemala's health-related programs and, therefore, we work with the government's "Interministerial Committee" in implementing the national policy of nutrition and feeding. Explicit in this area is the conscious attempt to combine donated PL 480 nutrition feeding programs with family planning and all other health services for an effective synergistic attack on the immense problem of malnutrition in Guatemala, especially among its rural population.

CARE and the Peace Corps are jointly involved in a Rural Nutrition Education Program, which has as its main objective the utilization of home/school-grown vegetables as substitutes for PL 480 foods. This objective has become increasingly important due to the diminishing availability of PL 480 foods and the low priority assigned to school feeding. This education is extended to the families of the children and includes, besides nutrition, education on child care and the development of rural homes.

SELF-HELP PROGRAMS

As already pointed out, CARE asks the host government to match CARE's contribution in development projects. In Guatemala, as in many other countries, we have carried this one step further: We also ask the people who benefit from our projects to contribute an equal amount.

Thus, in the School Construction Program, in which CARE has built more than 10% of the total rural schools in the country, the government matches CARE's contribution dollar-for-dollar, as do the communities where the schools are built. In other words, for every dollar contributed by the American donor, CARE manages to obtain matching funds of two-to-one, increasing the donors' efforts by three. It has been CARE's experience over the years that where there is government and community participation, the recipients are much more likely to maintain the CARE-initiated projects than if these are given as an outright gift in which the government and the community had no participation.

As an adjunct to our School Construction Program, we have been involved for many years in a School Desk Construction Program. Many children in Guatemala attended schools where no desks existed and they had to sit and write on the floor. Over the last ten years, we have built 109,539 desks, which accommodate 393,228 children. Working with the government on this project, we have been able to pass on the technical and financial responsibility to the Ministry of Education. In three years, CARE will phase over 100% of this program to the Government of Guatemala, enabling CARE to dedicate its efforts and finances to other needed development programs.

CARE-Guatemala is also very active in helping to bring potable water to the rural communities, only 13% of which have this basic facility. We feel that by developing the water systems, CARE eventually can help reduce the incidence of water-borne diseases and all the consequent health and economically-related problems arising from them. As with CARE's school construction, all water projects are matched dollar-for-dollar by the government and the recipient villagers.

AMERICAN DAIRY INDUSTRY

(Mr. HANLEY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. HANLEY. Mr. Speaker, I am sure that you are aware of the traditional cyclical nature of farm production in this country where periods of scarcity and high prices stimulate increased farm production, often leading to overproduction and low prices. Historically, the overproduction phase of this cycle has pulled the bottom out of farm prices, thus putting many farmers out of business, and in turn restarting the scarcity period of the cycle.

In order to protect the American farmer from this vicious cycle and to assure a steady, reasonably priced and plentiful supply of farm goods for the American consumer, the Federal Government has enacted a series of parity price support programs in which the Government maintains the farmer at a viable economic level during periods of overproduction. While these policies have not ended the cyclical nature of agriculture, they have steadied it without seriously undercutting the economic benefits of the free market system. Today, however, short-sighted policies by the Department of Agriculture threaten to seriously harm at least one major farm segment; namely, the American dairy industry.

In recent years the American dairy industry, stimulated by increasing prices for its goods, has taken on the necessary and expensive expenditures in equipment, livestock, and feed to keep pace with demand, yet maintain a fair price for the consumer. In the last 2 years, though, two major Agriculture Department policies seem to have seriously affected domestic dairy production. The first, is that price support levels for dairy products

have been set too low. Indeed, despite the urgings of myself and many of my colleagues for a 90 percent level of parity for milk, the Secretary of Agriculture has just announced that price support levels will be adjusted only to 80 percent of parity. In a heavily fluctuating marketplace the farmer is very uncertain about investing funds in increased production that may be lost because an 80-percent price support level will not allow him to break even should the marketplace take a plunge, especially in a heavily fluctuating economy. While taken by itself, an 80 percent support price during this time of increasing demand for dairy products, should not hinder farmers from expanding production, but when you add the administration's dairy import program you quickly arrive at a situation where the farmer is very, very cautious about making expenditures needed to stimulate production.

In order to meet the expected 3-billion-pound jump in demand for dairy products this year, the President has authorized the importation of dairy products into the domestic dairy market. These products are often subsidized by foreign governments and are not produced under the rigid and expensive sanitary standards employed in this country. Moreover, profittaking by importers and processors have prevented any price relief at all to the consumer. As a result of this the American dairy farmer has found the prices he must charge still profitable because of demand, yet wide open to a sudden collapse if all limits on imports are dropped. While most farmers have not cut back production, they are very reluctant to expand into a market where they may be at an inherent price disadvantage without sufficient protection from the adverse effects of overproduction. The end result could mean that while short-term daily shortages may be met, the long-term implications of these policies may very well heavily damage the American dairy industry, creating serious dairy product shortages, without any sort of price relief for the American consumer.

Needless to say, I feel that the present dairy policy of this administration is misdirected, and ill advised. Therefore, I again call on my colleagues to join with me in calling on the Secretary of Agriculture to take immediate steps to adopt a 90-percent parity and to abandon the dairy import program before the American dairy industry suffers serious damage.

BILL TO TRIPLE LAND AND WATER CONSERVATION FUND

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, the Land and Water Conservation Fund Act of 1965 has been very useful in providing outdoor recreational opportunities for the people of our country. The fund is derived from entrance and user fees collected at a number of Federal recreation areas, receipts from the sale of surplus Federal property, Federal taxes on motorboat fuels, and royalties from offshore oil wells. Sixty percent of the fund goes to the States, on a 50–50 matching basis, to acquire and develop recreation lands. Forty percent goes to the Federal agencies—like the National Park Service, Forest Service and Bureau of Sport Fisheries and Wildlife—to acquire lands needed to satisfy national conservation goals.

Although many valuable acres of land in our country have been preserved through the use of the fund, the fund has not, as yet, truly met the needs of our country's people. Between 1960 and 1970, 24 million people were added to the population of the United States. Seventy-three percent of the Nation's population now live in urban areas, on less than 2 percent of our country's land. Within our central cities, one family in two or three does not own a car. Yet most of our parks are located in nonurban areas, accessible only to families with automobiles, and then only on weekends or summer vacations.

States manage about 42 million acres of parkland, but only 11 percent of this represents regional, community and neighborhood parks and recreation areas. The problem is one of funding. Many park projects have been located in rural areas, where open space is more available and land prices are considerably cheaper than near metropolitan centers.

The problem is the same on the Federal level. Only 8 percent of all Federal recreation lands are located in urban areas. With the exception of the two new Gateway National Recreation Areas in New York and San Francisco, and National Capital Parks in Washington, D.C., the National Park Service has not been able to take an active role in providing outdoor recreational opportunities for people in our urban areas. Most Federal parks are far removed from the urban masses or, where they are located in metropolitan areas, they are limited in purpose—such as National Battlefields—or unsuitable for intensive recreation—such as National Historic Sites.

Many regions of the country, including some of our most densely populated States, have been shortchanged with regard with Federal recreation areas. For instance, the east north-central region of the Midwest—consisting of Ohio, Indiana, Illinois, Michigan, and Wisconsin—has 20 percent of the country's population but only 1 percent of all federally administered recreation lands. A similar problem exists in New England, in the South and in the Middle Atlantic States.

In its far-reaching report, "National Parks for the Future," the Conservation Foundation recommended that the National Park System continue to be expanded. Recognizing the acute need for urban recreation, the foundation recommended that a task force be established "to prepare an inventory and evaluation of sizable natural areas within striking distance of large cities for addition to the National Park System."

Unfortunately the money available to the National Park Service for land acquisition has not kept pace with what is required. The Park Service estimates that it currently needs around $242 million to acquire lands already authorized by Congress. With the proposed additions of Big Cypress and Big Thicket, the total could be raised to well over $400, million, this is a conservative estimate; some estimates put the total as high as $2 billion.

The Park Service share of the land and water conservation fund in the budget for fiscal year 1975 is only about $71 million. In fiscal year 1974, no moneys were budgeted from the fund for Federal land acquisition, and the Park Service was left with only carryover funds appropriated in previous years. At this erratic, low rate of funding, it will be many years before the Park Service can acquire the necessary lands authorized by Congress. And, in the meantime, land prices are escalating rapidly and many key parcels of lands could be lost to development.

Thus if we are to expand our country's ability to provide outdoor recreational opportunities where they are most needed—and to preserve valuable open space before it is lost forever—more funds must be made available.

One of the task force studies contained in the Conservation Foundation's "National Parks for the Future" report recommended a $100 million "Buy Back America" program for urban park acquisition and development. The 1969 Bureau of Outdoor Recreation plan, which unfortunately was never pubplished, proposed a $6.3 billion 5-year program for the same purposes. Our late colleague, Congressman John P. Saylor, former ranking minority member of the House Interior and Insular Affairs Committee, frequently stressed the need for more funding for Federal and State outdoor recreation programs; his suggestion was to put in the land and water conservation fund all of the money that comes from offshore drilling. Congressman Saylor and others realized that as the need is great, so is the cost of meeting that need.

Mr. Speaker, I am today introducing a bill to amend the Land and Water Conservation Fund Act of 1965, to increase the annual authorization for the fund from $300 million to $900 million. Mine is a more modest proposal than the ones I have previously cited, but I think it is a reasonable and workable one. It will allow us to buy now the recreation lands that are so urgently needed, at today's prices and before they are completely lost to development. It will end the logjam that has stymied Federal acquisition, and will help the States expand their programs to meet the needs of their people.

Moneys for the increased funding are already available in the U.S. Treasury. One oil lease alone recently provided $300 million in receipts. The Secretary of the Interior has announced plans to increase oil drilling on the Outer Continental Shelf by tenfold, which would more than adequately cover a threefold increase in the land and water conservation fund. And we would be using a nonrenewable resource to provide a very renewable resource to enrich the lives of

present and future generations. This is truly a worthwhile cause.

RESPONSIBILITY FOR THE GASOLINE SHORTAGE

(Mr. SEIBERLING asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. SEIBERLING. Mr. Speaker, as in the case of Watergate, the Nation is indebted to the press for uncovering the scandalous facts concerning the Nixon administration's responsibility for the gasoline shortage, as well as the price escalation that has accompanied it.

Today I am offering for the RECORD a reprint from the Akron Beacon Journal of March 13 of a Newsday article by Bob Wyrick and Brian Donovan which lays out how a series of deliberate decisions by the administration led directly to the present gasoline shortage.

The best thing one can say about this story is that it exposes monumental ineptitude and short-sightedness. Beyond that, there is strong circumstantial evidence of collaboration between oil industry representatives and the administration similar to the activities which led to the milk price support scandal.

The story commences with a reported promise in 1968 by Vice Presidential candidate Spiro Agnew who, while seeking contributions in Texas, promised oilmen that Mr. Nixon, if elected, would kill an oil import plan opposed by the major oil companies.

In 1970, the article goes on, President Nixon rejected a Presidential Task Force's recommendation that the administration drop the oil import quota program. The article continues that in August 1971, an OEP economist recommended that the oil import quota program be revised in view of the expected leveling off of domestic oil production in 1972. In fact, by the summer of 1972, fuel supplies got even tighter and some oil companies had used all of their authorized imports for the year.

As the 1972 Presidential election approached, a State Department economist advising the Oil Policy Committee stated that the time was ripe for a complete revision of the oil import program and that the price of domestic crude oil and gasoline should be allowed to increase substantially. By mid-November, 1972, the OEP Director was warning the White House that before oil price increases could be granted, public hearings would have to be held and that this would result in visible disagreement within the administration. He also pointed out that it would result in a revision of the oil import program, the tax law impact on the industry and the level of monopolistic concentration would receive heavy attention.

Then on January 11, 1973, President Nixon dropped the phase II price control program. That left the oil industry free to announce an 8-percent heating oil price increase of its own and allowed the administration to avoid criticism if it had allowed prices to increase in advance. Many of us will remember our amazement at the untimely removal of price controls in January, 1973. We are now beginning to see at least some of the possible reasons for the ill-advised and disastrous action.

With inventories depleted, the first signs of a gas shortage began appearing in March, 1973 and finally in April, the administration set aside the "national security" argument used for years to keep oil imports low and announced an end to the oil import quota system.

The new system was similar in principal to what Nixon's task force had urged 3 years earlier. But now, one important thing had changed: Imported oil prices had risen to match domestic prices. The foreign oil no longer threatened the industry's profits.

The story reported in the Newsday article assumes added significance when read in connection with an interview with J. Kenneth Jamieson, chairman of Exxon Corp., reported in the Akron Beacon Journal for March 17. I will also offer that article for the RECORD.

Mr. Jamieson is reported as saying that U.S. refinery capacity cannot meet unrestrained U.S. demand even if unlimited crude oil becomes available, for the reason that oil companies failed to expand refinery capacity in recent years because of the Federal quota on oil imports.

Mr. Jamieson states that now that the import quotas have ended, the companies have an economic incentive to build new refinery capacity in the United States. He adds that the profits are now right, too.

Mr. Jamieson's statement amounts to striking confirmation from the head of the Nation's largest oil corporation that it was the administration's oil import restrictions which prevented the expansion of refinery capacity in the United States in anticipation of gasoline and fuel oil demands. This lays responsibility for the gasoline shortage, with all the attendant price inflation, squarely in the lap of the Nixon administration as a result of a policy followed not by inadvertance, but by design. Moreover, it is now clear that it was a policy whose purpose and effect was to promote the private interests of the oil industry.

Now that the facts are coming out, the responsibility to do something to correct the situation falls on Congress. First and foremost, the Congress has an obligation to investigate the complete facts behind this scandalous story. One of the reasons why the situation developed as it did was because of the lack of reliable public information as to the availability and distribution of petroleum. Of course, it is too late to try to turn the clock back. However, the insatiable greed of the major integrated oil companies must be curbed.

Certainly, an excess profits tax is not only justified, but would tend to discourage the kind of aggrandizement of profits that led us to the present crisis. At a time when the vast majority of individual consumers are being squeezed by the combination of inflation and shortages it is absolutely essential that the Congress impose at least equality of sacrifice on the corporations who have helped bring about this situation.

It is also essential that the monopolistic tendencies in the oil industry be attacked and that competition be strengthened within the industry. In addition to effective antitrust enforcement action by the executive branch, the Congress should adopt legislation divorcing ownership of crude oil production from ownership of pipelines and refineries.

Mr. Speaker, the Newsday article and the interview with Mr. Jamieson follow these remarks:

NIXON MEN RISKED OIL CRISIS

(By Bob Wyrick and Brian Donovan)

NEW YORK.—The big oil companies had every reason during the 1972 presidential campaign to help finance another four years for Richard Nixon.

Throughout its first term, the Nixon administration has consistently protected their interests. The pattern had begun, in fact, even before Nixon took office.

It was during the 1968 campaign, as Newsday reported Tuesday, that then-vice presidential candidate Spiro Agnew, seeking contributions, met privately with Texas oilmen and promised that Nixon, if elected, would kill an oil-import plan opposed by major oil companies.

That promise was kept, and other benefits followed. In 1970, Nixon rejected a presidential task force's recommendations that the administration drop the oil-import quota program, which had kept U.S. oil prices above world prices by sharply limiting the amount of cheaper foreign oil allowed into the American market. And in 1971, then-atty. Gen. John Mitchell granted oil companies a controversial antitrust exemption that allowed them to work together in establishing Mideast oil prices. The prices began rising soon afterward.

Those early, pro-industry decisions set a pattern that was to continue during the second Nixon campaign, which raised about $5 million from oil interests. Again, the issue was oil imports. But this time, the situation was more serious: U.S. oil production was falling behind demand, shortages were imminent and administration officials were faced with a crucial choice.

Basically, the administration had three chances during 1971 and 1972 to make decisions that would have kept the country's supplies of petroleum products in balance with the growing demand. At that time, plenty of oil was still available on the world market.

The choice was between risking a shortage that would hurt consumers or a surplus that could hurt the major oil companies' prices and profits. In each case, administration officials took the first choice.

Dr. Joseph Lerner, the Federal Energy Office's senior economist, summed it up this way: "In effect they were practicing brinkmanship."

In August 1971, another government economist named Philip Essley made a prophetic prediction, one that had serious implications for the nation's oil policy. And it was completely ignored by top officials.

Essley worked for the Office of Emergency Preparedness (OEP), the agency that was then monitoring the oil import program. The agency's director, retired Gen. George A. Lincoln, also served as chairman of the Oil Policy Committee, reporting to presidential assistant Peter Flanigan, Nixon's chief oil-policy adviser.

Essley predicted, in 24 pages of facts and charts, that domestic oil production would reach its peak and level off during the following year. That meant the tight import

quotas long favored by the big oil companies would have to be relaxed if the government wanted to prevent shortages, for, with demand growing and domestic production staying the same, only foreign oil could make up the difference.

"It should be obvious," Essley wrote, "that the rapidly changing circumstances will require . . . the government to reevaluate the basic position regarding imports and adopt new policies within the relatively near future."

The coming year, of course, was 1972—and a presidential election. Nixon already had shown in 1970 his unwillingness to scrap the quota system.

But shortly after the Essley study was circulated, another OEP staff paper recommended that the old mathematical formula for setting quota levels—basically slanted toward keeping imports low—be replaced with a straight supply-demand formula. That would be "the most viable method," the paper said, of assuring that enough fuel reached the consumer.

These were not isolated warnings. As early as 1970, the oil trade press began noting that domestic production appeared likely to peak soon.

But despite all that, the administration, in November, chose to stick with the old formula and allow only a conservative import increase—100,000 barrels a day—for the following year.

Both Lincoln and Flanigan told Newsday the White House played no important role in that decision. But, in fact, Lincoln wrote a memo for his private files saying he had "cleared the rationale" with White House assistant Flanigan.

The first to notice what was happening were the nation's smaller, independent oil companies.

Up to then, things had looked rosy for them. Since the late 1960s, they had been steadily capturing a growing share of the U.S. market, at the expense of the major firms. Their advantage over the majors was a more streamlined, low-overhead marketing setup—including self-service gas stations, little advertising, fewer mechanics to pay—that let them undercut the big companies' prices. Their appeal was to motorists who did not care about tigers in their tanks, just cheap gasoline.

But the smaller companies had a serious weak spot. The independent marketers, and the independent refiners who helped supply them with products, depended heavily for their supplies upon the big multinational firms. If a shortage developed, the independents would be the first to feel the squeeze.

That is what happened as 1972 began.

The tight import quotas allowed the major companies to start cutting back on sales to independents, saving what oil was available for their own operations. The smaller companies, facing disaster, protested vigrously.

In February, for instance, Clark Oil sent a letter to the Office of Emergency Preparedness calling for a 350,000-barrel-a-day increase in imports. The company warned that the accelerating shortage "would literally destroy . . . independent refiners if no action is taken."

Other independents joined the chorus. The American Petroleum Refiners Association, representing 31 small refiners, wrote to Lincoln in March recommending a 500,000-barrel import increase and predicted a "catastrophe" for the small companies unless action came soon.

"It was obvious what was going to happen," said Walter Famariss, the group's president. "But I met with Lincoln and Flanigan and I got nowhere. Their attitude was, "OK, we think we're going fine and we don't buy what you're saying.' "

During this same period, some politically powerful oil interests were fighting to keep imports as low as possible. Most of the major companies supported import increases far smaller than the independents wanted. Humble Oil (now Exxon) gave the OEP a prediction—totally erroneous—that no additional imports at all would be needed in 1972.

Oil drilling companies controlling Southwest oil fields also opposed higher quotas, since foreign oil would cut into the market for their own product. It was on April 5, 1972, while the quota decision was pending, that $700,000 in secret Nixon contributions, mostly from Texas oil men, traveled to Washington aboard a Pennzoil plane.

It took the administration nearly four months to act. Some OEP staff officials renewed their suggestions that the government drop the now-obsolete formula for figuring imports and adopt a supply-demand method. By this time, even some major companies were feeling the pinch, although not as badly as independents.

The Oil Policy Committee met on April 25 to decide how large the increase should be. Flanigan sat in. Records show he firmly opposed relaxing imports enough to restore any surplus capacity to the Southwest. The result: Another conservative increase, this time of 230,000 barrels a day, less than half of what some independents had requested.

Flanigan told Newsday that politics had no part in the decision. Any larger increase, he contended, could have hurt the over-all U.S. oil industry and discouraged exploration. Moreover, Flanigan said, he did not feel that any serious shortages existed then or, in fact, until the Arab embargo.

But the facts contradict Flanigan's contention. Actually, the nation's inventories of crude oil, gasoline and fuel oils began dwindling steadily in early 1972, prior to the second important decision, and industry reports showing the trend were easily available to the White House at the time.

By late summer of 1972, some oil companies, particularly the smaller ones, had used all their authorized imports for the year. Again, the Nixon administration had to do something about the import program. It did, but the effect was the same as before: Fuel supplies got even tighter.

The third decision, made in August and announced by President Nixon on Sept. 13, was to rely on big oil companies to act against their own economic interests.

They could bring in additional oil above the quota levels, Nixon announced, but whatever they brought in would be subtracted from their import allowances for the following year. The limit was 10 pct. of 1973 quotas.

The result was predictable: Only 35 pct. of the extra oil that had been authorized actually came into the country during the rest of 1972. Some large companies—including Exxon, Shell and Gulf—brought in none of the additional oil they had been allowed.

As the 1972 Presidential election approached, the three Nixon administration decisions had combined to create inventory shortages that would worsen as the year drew to a close, bringing severe fuel-oil shortages in the Midwest that forced the closing of schools and caused some states to set up emergency fuel supply centers to keep hospitals open. Some Midwest industries complained they were cut back 29 to 40 pct. by fuel suppliers.

It was against this background that William Truppner, a staff member of the Oil Policy Committee, circulated a memo from a State Department official that recommended forcing up oil prices substantially and putting the costs of the price increases directly on the consumer.

This was the course that the Nixon administration eventually followed.

The classified memo, written Oct. 27, 1972, by Frank Mau, a State Department international economist and adviser to the Oil Policy Committee, stated:

"It seems clear that with a new administration which has already stated its intention to make hard and, if necessary, unpopular decisions, the time is ripe for a complete revision of our oil import and incentive program . . . "The domestic price of crude oil and products should be allowed to increase substantially. At a minimum, the domestic price of crude oil should be increased to $4 per barrel . . .

"A substantial increase in gasoline and other product prices would eliminate the need to continue to indirectly subsidize the domestic refining and petrochemical companies . . .

"The cost would be placed where it should be—directly on the consumer."

At the time of Mau's memo, the domestic price for crude oil was $3.39 a barrel and U.S. production was roughly 10 million barrels a day. Increasing the price to $4 a barrel would have meant roughly $6 million a day to the oil industry of $2.1 billion a year.

The prices were allowed to go up even more drastically than Mau suggested. In March, crude prices jumped 25 cents a barrel; on May 15, the Cost of Living Council allowed crude prices to go up another 35 cents; by August, oil already under production ("old oil") had reached $4 a barrel and newly discovered oil was allowed to sell at $5. At the time the Arab embargo hit, new oil was selling at $5.60.

Mau said he was "appalled" and "amazed" that Newsday had obtained the document. He insisted these were his personal views, not those of the State Department.

"I don't accept the idea that the industry's profits are unreasonable," Mau said. "In fact, I don't think they are high enough. I feel that the industry has been horribly abused on this score. They have done a bad job of public relations."

During the winter of 1972–73, newspapers were filled with revelations which drew the Watergate burglars closer and closer to the orbit of the White House. The papers also carried other, smaller articles about a severe heating-fuel shortage in the Midwest.

In this time of mounting scandal, there were those within the Nixon administration, however, who were more interested in maintaining a good united public image than in acting immediately to solve heating-fuel shortages for American citizens.

One such official was Lou Neeb, executive secretary of the Price Commission. As early as mid-November of 1972, OEP Director Lincoln was warning the White House that price control rules, which had frozen heating oil prices at a particularly low level, could worsen Winter fuel shortages by discouraging heating oil production.

But Neeb's memo pointed out that before price increases could be granted, public hearings would have to be held and that Price Commission members were divided on whether the solution was to raise prices or change the oil-import program in such a way as to increase heating-oil production.

"We would have the situation of a potentially publicly visible disagreement within the administration," Neeb warned, adding, "the holding of such public hearings always provides a forum for those who wish to voice their opinions on other aspects of government and industry practices . . . I would anticipate that the oil import program, the aspects of the tax law that impact on the oil industry, and the level of (monopolistic) concentration would receive heavy attention . . . at any such hearings we would hold."

Then, on Jan. 11, 1973, new price control policies saved the commission from the potential controversy Neeb had feared. On that day, Nixon replaced compulsory controls with voluntary price guidelines. That left the industry free to announce an 8 pct. heating oil price increase on its own. And it allowed Nixon officials to avoid the criticism they

almost certainly would have gotten if they had approved the new prices in advance.

Another month passed before the administration held hearings on whether the industry could justify the new prices as reflecting higher costs. (Under the new system, such hearings came after a price increase, not before.) By the time Federal officials announced on March 6 that the prices could remain at the higher level, the Winter was nearly over and consumers had begun worrying about another product: Gasoline.

With inventories depleted, the first signs of the gasoline shortage began appearing last March, well before the peak Summer driving season. Some cities began having trouble getting gasoline supply contracts for their municipal vehicles. Service stations began closing, principally those operated by the cut-rate independents.

Some major oil companies began cutting back sharply on their sales to the independent firms, explaining that the shortage—resulting from decisions they had supported during the previous two years—had wiped out surplus supplies. Around the country, gasoline inventories were from 15 to 25 pct. below the previous year.

At that point, the Nixon administration set aside the "national security" arguments it had been using for years to keep imports low. Last April, the administration announced it was finally abandoning the quota system and allowing major increases in the amount of foreign oil allowed into the country.

The new system was similar in principle to what Nixon's task force had urged three years earlier. But now, one important thing had changed: Imported oil prices had risen to match domestic prices. The foreign oil no longer threatened the industry's profits.

But the move came too late. Inventories remained short. As the Summer wore on, more than 4,000 gas stations closed for lack of supplies, and sales by many discount chains dropped as drastically as they had risen a few years before. By Fall, motorists in some parts of the country were searching hard to find a gas station open on Sunday. The age of the price war was over.

The Arab embargo, announced in mid-October, would produce even worse shortages, driving prices still higher and boosting profits for the major oil companies. But statistics show all those trends were well under the way before the . . .

The shortages had given major oil companies exactly what they wanted—higher prices. And the cost fell exactly where State Department official Frank Mau had advised a year earlier: Directly on the consumer.

EXXON BOSS: WE DON'T NEED HIGHER PRICES

NEW YORK.—The chairman of the world's largest oil company says the industry does not need higher prices and profit margins to finance new energy development.

J. Kenneth Jamieson, chairman of Exxon Corp., said in an exclusive interview that "the industry should be able to operate, generating the capital it needs, with the current rates of return."

Jamieson also said Exxon might bring increased petroleum supplies quickly into the United States by diverting them from Europe after the end of the Arab oil embargo.

But he said U.S. refinery capacity could not meet unrestrained U.S. demand even if unlimited crude oil becomes available.

He said companies failed to expand refinery capacity in recent years because of the Federal quota on oil imports, which President Nixon had retained until a year ago despite a Cabinet task force recommendation in 1969 that it be removed.

Oil industry profits increased some 47 pct. in 1973, and Exxon's worldwide profits soared to a record 59 pct., enabling the company to increase its dividends 45 cents per share and still reinvest almost $1.5 billion—some 60 pct. of net earnings.

Jamieson said the oil companies do not really need new "incentives" to invest in efforts to increase energy production, but it would like the Federal government to stop imposing new regulations and tampering with old ones.

"I think what the industry is saying is: Leave us alone," said Jamieson.

Here are excerpts from the interview with Jamieson, held in his office 51 floors above central Manhattan:

Q—Has crude oil been diverted from the United States to other markets because of the crude oil allocation program here?

A—I can only speak for our own company and I can assure you that we did not do that.

Q—Is any additional oil available that could come to the United States?

A—Not that we know of, no.

Q—With profits rising rapidly in Europe, you were able in 1973 to increase your dividends and still reinvest a great deal of the profit. If that is possible under 1973 conditions, do the oil companies need further price and profit increases in the United States to attract investment money?

A—No. We think the rate of return of the oil industry right now is at a satisfactory level. You may get further price increases if the producing countries substantially raise crude prices again. Then we've got to pass that cost through, but that does not increase our rate of return.

Q—Is that conclusion general in the industry, or unique to Exxon?

A—We're probably in as good shape as any of the large companies in the industry. I would say: Yes, the industry should be able to operate, generating the capital it needs, with the current rates of return . . .

Q—There has been a lot of talk in this energy crisis about corporate responsibility. What is the corporate responsibility when you have your home office here, but a large part of your operations overseas?

A—Well, our corporate responsibility, we felt, in this energy situation was to share our supplies worldwide just as equitably as we possibly could, recognizing all of the restraints that we had with the embargo and sometimes imposed by the host governments . . .

Q—I understand the United States has a shortage of refinery capacity. Is that so?

A—I think there has been some misunderstanding on that. Refinery capacity was tight last year, but the industry was able, by bottleneck elimination and better maintenance techniques, to find quite a lot of capacity.

I think our refining now is sufficient at least through this year and possibly next.

Demand will be the key to the refinery capacity. If the demand gets back onto the rate of growth it was on last year, then there will be a shortage of refinery capacity.

Q—In recent years, Exxon expanded refinery capacity in Europe in anticipation of growth. Why didn't it do that in the United States?

A—Well, we had this uncertainty about our crude supply in the U.S., where the import regulations were quite confused . . . Now with the clarification of the import regulations, it shifted the economics definitely back into the United States to build this refinery capacity.

Also, there were refinery siting problems and a lack of facilities for handling big tankers.

Q—About a year ago, President Nixon lifted the quota from oil imports and since then a lot of companies have begun expanding refinery capacity here. What happened to remove the siting problems and lack of deepwater ports?

A—Most of the refinery expansion today is in existing refineries.

Q—Oil industry profits rose sharply in 1973 and Exxon's profits jumped 59 pct., but it appears the large increase came mainly from your operations abroad, not the United States. Is that correct?

A—That's right. Our profit off oil and gas operations in the U.S. rose just about in proportion with our sales here. The bulk of the profit increase came out of Europe, and Japan to a degree. And our chemical business is up substantially worldwide.

Q—What caused those foreign profit increases?

A—Volumes were up, and prices went up substantially. European prices for years had been very badly depressed.

. . . You got into this tight supply situation, the law of supply and demand still applies, and the prices went up.

So as a result, our profits increased in Europe. But they're still not at any exorbitant level.

Q—There has been some criticism of Aramco. Exxon is part owner of Aramco, the company which produces the bulk of Saudi Arabian oil, for refusing to supply oil to the war. Can a company such as Exxon say that it has a responsibility to its home nation?

A—No, because what they (the Saudi Arabians) said was you cannot use Saudi crude to supply the U.S. armed forces. They further said that if you do, you will suffer the dire consequences . . . Let's take our company in Italy . . . We had to cut deliveries to the U.S. military by the percentage of Saudi crude that we had been running in Italy, Now had we not done that we could have jeopardized all of our supplies out of Saudi Arabia . . . Now there's a clear case where the sovereign government, the host country, tells you to do something and you ——— well do it . . .

Q—Some people are saying that the majors are trying to drive the independent gasoline retailers out of business. How do you explain the fact that 10,000 stations out of 250,000 went out of business last year?

A—Well, I think that was a trend that had started in the industry and had been going on for quite a number of years now . . . I think you will find that very many of these independents who have gone out were very marginal operators . . . As far as us deliberately trying to squeeze them out, that's just not true.

Q—There have been reports that Aramco is going to be nationalized by Saudi Arabia and that it's in the middle of negotiations to work it out. Is that true?

A—No. There are no negotiations going on at the present time.

Q—Your figures an the amount budgeted for exploration each year are pretty stable over the years. So when you budget for this you have a pretty good idea of what you're going to spend on exploration every year. And you must have a fairly good record of hitting oil or you wouldn't be in business. And you have a triple A rating, so you have no troubles with credit. Now is it really meaningful to talk about the oil business as a really risky business?

A—I sure think it's terribly risky. Probably the biggest risk we have today is on the political side.

Q—But the risks you're talking about don't really seem to hamper your ability to attract capital.

A—Not as of now they don't. But I think you've got to look at our stock. We had a very good earning record in '72, and our stock certainly hasn't reacted. Our stock is down. Our price-earning ratio has dropped. The market is saying we're putting a very high factor on these political risks.

Q—What about the oil company argument that they need more incentives from the government to produce more oil if, as you say, the companies are making adequate profit now?

A—I don't think the industry is saying that. I think what the industry is saying is:

"Leave us alone." You see you've got all these uncertainties hanging over you. You got people who want to get rid of the depletion allowance, you got people intent on rolling back prices. So you've just got a completely uncertain climate that you're operating in. That's what people are objecting to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. GUDE (at the request of Mr. RHODES), for the week of March 18, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. HILLIS) to revise and extend their remarks and include extraneous material:)

Mr. GOLDWATER, for 10 minutes, today.

Mr. HANSEN of Idaho, for 5 minutes, today.

Mr. GOLDWATER, for 60 minutes, April 2.

Mr. ASHBROOK, for 30 minutes, today.

Mr. DON H. CLAUSEN, for 5 minutes, today.

(The following Members (at the request of Mr. GINN) to revise and extend their remarks and include extraneous material:)

Mr DIGGS, for 5 minutes, today.

Mr. GONZALEZ, for 5 minutes, today.

Mr. FORD, for 5 minutes, today.

Mr. MEZVINSKY, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent permission to revise and extend remarks was granted to:

Mr. MADDEN, and to include extraneous material.

Mr. BUCHANAN to extend his remarks prior to the vote on the Cleveland amendment.

(The following Members (at the request of Mr. HILLIS) and to include extraneous material:)

Mr. CONLAN in five instances.

Mr. WYMAN in two instances.

Mr. KETCHUM.

Mr. BAKER.

Mr. SPENCE.

Mr. THOMSON of Wisconsin.

Mr. KUYKENDALL in three instances.

Mr. ASHBROOK in five instances.

Mr. SYMMS in two instances.

Mr. HUBER.

Mr. DERWINSKI in two instances.

Mr. J. WILLIAM STANTON.

Mr. PRICE of Texas.

(The following Members (at the request of Mr. GINN) and to include extraneous material:)

Mr. PATTEN in three instances.

Mrs. GRIFFITHS.

Mr. MILLS in 10 instances.

Mr. GONZALEZ in three instances.

Mr. MURPHY of New York.

Mr. FRASER in five instances.

Mr. RARICK in three instances.

Mr. REES in two instances.

Mr. MONTGOMERY.

Mr. MURTHA.

Mr. PODELL in two instances.

Mr. LITTON.

Mr. STOKES in six instances.

Mr. JONES of Oklahoma.

Mr. VANIK in two instances.

Mr. FASCELL in three instances.

Mr. ROSTENKOWSKI in three instances.

Mr. JAMES V. STANTON.

Mr. FLOWERS in three instances.

Mr. UDALL in five instances.

Mr. FAUNTROY in two instances.

Mr. DIGGS.

Mr. STUDDS in three instances.

Mr. MCSPADDEN.

Mr. GUNTER.

Mr. ECKHARDT.

SENATE BILL AND JOINT RESOLUTIONS REFERRED

A bill and joint resolutions of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 1276. An act for the relief of Joe H. Morgan; to the Committee on the Judiciary.

S.J. Res. 163. Joint resolution authorizing the President to proclaim the last full week in the month of March of each year as "National Agriculture Week" and the Monday of each such week as "National Agriculture Day"; to the Committee on the Judiciary.

S.J. Res. 179. Joint resolution to authorize and request the President to issue a proclamation designating the calendar week beginning April 21, 1974, as "National Volunteer Week"; to the Committee on the Judiciary.

ENROLLED BILL SIGNED

Mr. HAYS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2533. An act for the relief of Raphael Johnson.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1615. An act for the relief of August F. Walz;

S. 1673. An act for the relief of Mrs. Zosima Telebanco Van Zanten;

S. 1852. An act for the relief of Georgina Henrietta Harris;

S. 1922. An act for the relief of Robert J. Martin; and

S. 2315. An act to amend the minimum limits of compensation of Senate committee employees and to amend the indicia requirements on franked mail, and for other purposes.

ADJOURNMENT

Mr. GINN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 4 minutes p.m.), the House adjourned until tomorrow, Thursday, March 21, 1974, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2072. A letter from the President of the United States, transmitting amendments to the budget request for fiscal year 1975 for the Civil Aeronautics Board (H. Doc. No. 93-245); to the Committee on Appropriations and ordered to be printed.

2073. A letter from the President of the United States, transmitting a proposed supplemental appropriation for fiscal year 1974 for the Department of Labor (H. Doc. No. 93-244); to the Committee on Appropriations and ordered to be printed.

2074. A letter from the Deputy Assistant Secretary of the Interior, transmitting a proposed amendment to a concession contract to authorize continued provision of facilities and services for the public in Acadia National Park, Maine, for a term ending December 31, 1974, pursuant to 67 Stat. 271 and 70 Stat. 543; to the Committee on Interior and Insular Affairs.

2075. A letter from the Chairman, Pennsylvania Avenue Development Corporation, transmitting a draft of proposed legislation to amend the act of October 27, 1972 (Public Law 92-578); to the Committee on Interior and Insular Affairs.

2076. A letter from the Administrator of General Services, transmitting a prospectus proposing the acquisition of leased space in a building to be constructed to house the U.S. Courts and other Federal agencies in Columbia, S.C., pursuant to 40 U.S.C. 606; to the Committee on Public Works.

RECEIVED FROM THE COMPTROLLER GENERAL

2077. A letter from the Comptroller General of the United States, transmitting a report on problems affecting mail service and improvements being taken; to the Committee on Government Operations.

2078. A letter from the Comptroller General of the United States, transmitting a report on the difficulties of assessing results of Law Enforcement Assistance Administration projects to reduce crime; to the Committee on Government Operations.

2079. A letter from the Comptroller General of the United States, transmitting a report on complications incurred because of delays in transferring patients to Veterans' Administration Spinal Cord Injury Treatment Centers; to the Committee on Government Operations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ARCHER:

H.R. 13604. A bill to amend title XI of the Social Security Act to repeal the provision for the establishment of Professional Standards Review Organizations to review services covered under the medicare and medicaid programs; to the Committee on Ways and Means.

By Mr. ASPIN:

H.R. 13605. A bill to amend title 39, United States Code, to eliminate certain restrictions on the rights of officers and employees of the U.S. Postal Service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BELL:

H.R. 13606. A bill to exempt certain automotive parts and accessories from the excise tax imposed by section 4061 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. BURLESON of Texas:

H.R. 13607. A bill to amend section 1951, title 18, United States Code, act of July 3, 1946; to the Committee on the Judiciary.

By Mr. DIGGS (by request):

H.R. 13608. A bill to amend the act of August 9, 1955, relating to school fare subsidy for transportation of schoolchildren within

the District of Columbia; to the Committee on the District of Columbia.

By Mr. FREY:

H.R. 13609. A bill to amend the Omnibus Crime Control and Safe Streets Act of 1968 to authorize group life insurance programs for public safety officers and to assist State and local governments to provide such insurance; to the Committee on the Judiciary.

By Mr. HASTINGS:

H.R. 13610. A bill to amend the National Housing Act to provide a statutory basis for the continuing administration by Federal Housing Administration of the standard risk *programs* under such act; to the Committee on Banking and Currency.

By Mr. JOHNSON of Pennsylvania:

H.R. 13611. A bill to provide for tax counseling to the elderly in the preparation of their Federal income tax returns; to the Committee on Ways and Means.

By Mr. KARTH:

H.R. 13612. A bill to amend the Internal Revenue Code of 1954 to extend the cutoff date for qualification of low-income housing rehabilitation expenditures for the 5-year depreciation privilege provided by section 167 (k); to the Committee on Ways and Means.

By Mr. KARTH (for himself, Mr. CORMAN, and Mr. JOHNSON of California):

H.R. 13613. A bill to terminate the Airlines Mutual Aid Agreement; to the Committee on Interstate and Foreign Commerce.

By Mr. LITTON:

H.R. 13614. A bill to establish a Department of Social, Economic, and Natural Resources Planning in the executive branch of the Federal Government; to the Committee on Government Operations.

By Mr. MATSUNAGA:

H.R. 13615. A bill to amend the Intercoastal Shipping Act, 1933; to the Committee on Merchant Marine and Fisheries.

By Mr. MOAKLEY:

H.R. 13616. A bill to amend title 38 of the United States Code to provide that veterans' pension and compensation will not be reduced as a result of certain increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. REES:

H.R. 13617. A bill to amend title 39, United States Code, to provide for the furnishing of certain information with charitable solicitations sent through the mail, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. RONCALIO of Wyoming:

H.R. 13618. A bill to provide that moneys due the States under the provisions of the Mineral Leasing Act of 1920, as amended, may be used for purposes other than public roads and schools; to the Committee on Interior and Insular Affairs.

By Mr. SYMINGTON:

H.R. 13619. A bill to amend the Federal Food, Drug, and Cosmetic Act to include a definition of food supplements, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ARMSTRONG (for himself and Mr. KEMP):

H.R. 13620. A bill to amend the Clean Air Act to provide for temporary suspension of certain air pollution control requirements; to provide for coal conversion; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BRECKINRIDGE (for himself, Mr. ALEXANDER, Mr. MCSPADDEN, Mr. GINN, Mr. CHARLES WILSON of Texas, Mr. DENHOLM, Mr. LITTON, and Mr. ROSE):

H.R. 13621. A bill to prohibit the reservation of appropriated funds except to provide for contingencies or to effect savings; to the Committee on Government Operations.

By Mr. BRINKLEY:

H.R. 13622. A bill to amend the Public Service Act to improve the national cancer program and to authorize appropriations for such program for the next 5 fiscal years, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. DOMINICK V. DANIELS:

H.R. 13623. A bill to guarantee to the civilian employees of the executive branch of the U.S. Government the right to have a counsel or representative of his choice present during interrogations which may lead to disciplinary actions and to prevent unwarranted reports from employees concerning thier private life; to the Committee on Post Office and Civil Service.

By Mr. DELLENBACK (for himself, Mr. ESCH, Mr. FORSYTHE, Mr. CEDERBERG, Mr. VEYSEY, Mr. THONE, Mr. KING, Mr. PARRIS, Mr. SHRIVER, Mr. KETCHUM, Mr. WINN, Mr. WYDLER, Mr. WHITEHURST, Mr. MURTHA, Mr. CLEVELAND, Mr. MALLARY, Mr. MYERS, Mr. BURGENER, and Mr. FRENZEL):

H.R. 13624. A bill to amend the Higher Education Act of 1963 to provide for increased accessibility to guaranteed student loans, to extend the Emergency Insured Student Loan Act of 1969, and for other purposes; to the Committee on Education and Labor.

By Mr. DIGGS (for himsef, Mr. FORD, Mr. NEDZI, Mr. CONYERS, Mr. DINGELL, and Ms. GRIFFITHS):

H.R. 13625. A bill to provide, on a demonstration basis, emergency relief for the general welfare and security of the United States by preventing the loss of existing housing units through the phenomenon of housing abandonment, to protect the health and living standards in communities and neighborhoods threatened by abandonment, to protect the interests of the United States in connection with certain mortgage transactions, to assist local public bodies in the development and redevelopment of well-planned, integrated, residential neighborhoods and in the development and redevelopment of communities, and for other purposes; to the Committee on Banking and Currency.

By Mr. HARSHA (for himself, Mr. BLATNIK, Mr. GROVER, Mr. JONES of Alabama, Mr. CLEVELAND, Mr. KLUCZYNSKI, Mr. DON H. CLAUSEN, Mr. WRIGHT, Mr. SNYDER, Mr. CLARK, Mr. ZION, Mr. JOHNSON of California, Mr. HAMMERSCHMIDT, Mr. DORN, Mr. MIZELL, Mr. HENDERSON, Mr. BAKER, Mr. ROBERTS, Mr. SHUSTER, Mr. HOWARD, Mr. WALSH, Mr. ANDERSON of California, Mr. ABDNOR, Mr. ROE, and Mr. HANRAHAN):

H.R. 13626. A bill to name a Federal office building to be located in Carbondale, Ill., the "Kenneth J. Gray Federal Building"; to the Committee on Public Works.

By Mr. HARSHA (for himself, Mr. RONCALIO of Wyoming, Mr. TAYLOR of Missouri, Mr. MCCORMACK, Mr. JAMES V. STANTON, Ms. ABZUG, Mr. BREAUX, Mr. STUDDS, Mrs. BURKE of California, Mr. GINN, Mr. MILFORD, and Mr. VANDER VEEN):

H.R. 13627. A bill to name a Federal office building to be located in Carbondale, Ill., the "Kenneth J. Gray Federal Building"; to the Committee on Public Works.

By Mr. HILLIS (for himself and Mr. REGULA):

H.R. 13628. A bill to amend the Internal Revenue Code of 1954 to provide for an excess profits tax on the income of corporations engaged in oil production and refining, and to establish the Energy Research, Development, and Exploration Trust Fund; to the Committee on Ways and Means.

By Mr. KEMP:

H.R. 13629. A bill to terminate the Emergency Daylight Saving Time Energy Conservation Act of 1973 on the last Sunday of October 1974, and to amend the Uniform Time Act of 1966 in order to provide that daylight saving time as provided for under such act shall be from the last Sunday in February until the last Sunday in October of each year; to the Committee on Interstate and Foreign Commerce.

H.R. 13630. A bill to amend the Civil Rights Act of 1964 to provide for freedom of choice in student assignments in public schools; to the Committee on the Judiciary.

H.R. 13631. A bill to suspend for a temporary period the import duty on certain horses; to the Committee on Ways and Means.

H.R. 13632. A bill to facilitate the movement of persons and goods in interstate commerce, and to aid in eliminating the burdens on interstate commerce which result from the lack of adequate coordination of highway and other transportation facilities and systems in many parts of the United States, through a comprehensive program of Federal assistance to States and localities to aid in the provision of such transportation facilities; to the Committee on Ways and Means.

By Mr. LENT:

H.R. 13633. A bill to amend the Federal Reserve Act, the Federal Deposit Insurance Act, and the Federal Home Loan Bank Act, to require depository institutions to notify owners of time certificates of deposit which are automatically renewable of that fact, and for other purposes; to the Committee on Banking and Currency.

By Mr. MCCORMACK (for himself, Mr. TEAGUE, Mr. MOSHER, Mr. GOLDWATER, and Mr. TOWELL of Nevada):

H.R. 13634. A bill to further the conduct of research, development, and commercial demonstration in geothermal energy technologies, to direct the National Science Foundation to fund basic and applied research relating to geothermal energy, and to direct the National Aeronautics and Space Administration to carry out a program of demonstrations in technologies for commercial utilization of geothermal resources including hot dry rock and geopressured fields; to the Committee on Science and Astronautics.

By Mr. MACDONALD:

H.R. 13635. A bill to amend the Communications Act of 1934 to require that an opportunity to reply to certain partisan broadcasts by the President be given to the other major political party; to the Committee on Interstate and Foreign Commerce.

By Mr. MEZVINSKY (for himself and Mr. WILLIAMS):

H.R. 13636. A bill to provide for tax counseling to the elderly in the preparation of the Federal income tax returns; to the Committee on Ways and Means.

By Mr. PATMAN:

H.R. 13637. A bill to establish a National Development Bank to provide loans to finance urgently needed public facilities for State and local governments, to help achieve a full employment economy both in urban and rural America by providing loans for the establishment of small and medium size businesses and industries and the expansion and improvement of such existing businesses and industries, and for the construction of low and moderate income housing projects, and to provide job training for unskilled and semiskilled unemployed and underemployed workers; to the Committee on Banking and Currency.

By Mr. SCHERLE:

H.R. 13638. A bill to repeal the Economic

Stabilization Act of 1970; to the Committee on Banking and Currency.

By Mr. SEIBERLING:

H.R. 13639. A bill to amend the Land and Water Conservation Fund Act of 1965 to increase the authorization of appropriation for the Land and Water Conservation Fund; to the Committee on Interior and Insular Affairs.

By Mr. TALCOTT:

H.R. 13640. A bill to insure that recipients of veterans' pension and compensation will not have the amount of such pension or compensation reduced, or entitlement thereto discontinued, because of increases in monthly social security benefits; to the Committee on Veterans' Affairs.

By Mr. ESCH:

H.R. 13641. A bill to repeal the Emergency Daylight Saving Time Energy Conservation Act of 1973; to the Committee on Interstate and Foreign Commerce.

By Mr. HANRAHAN (for himself, Mr. BROWN of California, Mr. BADILLO, Mr. THOMPSON of New Jersey, Mr. HECHLER of West Virginia, Mr. HELSTOSKI, Mr. YOUNG of Georgia, Mr. DELLUMS, Mrs. BURKE of California, Mr. GILMAN, Mrs. MINK, Mr. HARRINGTON, Ms. HOLTZMAN, and Mr. ROE):

H.R. 13642. A bill to amend the Economic Stabilization Act of 1970 to insure that advertising expenses are excluded from consideration as part of the rates and charges of any regulated public utility, and for other purposes; to the Committee on Banking and Currency.

By Mr. McSPADDEN:

H.R. 13643. A bill to suspend until June 1, 1970, the regulations of the Environmental Protection Agency relating to spill prevention control and countermeasure plans; to the Committee on Public Works.

By Mr. PARRIS (for himself, Mr. SARASIN, Mr. RONCALLO of New York, Mr. VANDER JAGT, Mr. VEYSEY, and Mr. YATRON):

H.R. 13644. A bill to amend the Internal Revenue Code of 1954 to temporarily reduce the excise tax on gasoline by 2 cents per gallon; to the Committee on Ways and Means.

By Mr. ROE (for himself, Mr. PODELL, Mr. RONCALLO of New York, Mr. ROYBAL, Mr. SARBANES, Ms. SCHROEDER, Mr. STEELE, Mr. STUDDS, Mr. MOLLOHAN, and Mr. WON PAT):

H.R. 13645. A bill to amend section 4a, the commodity distribution program of the Agriculture and Consumer Protection Act of 1973: to the Committee on Agriculture.

By Mr. ROE (for himself, Mr. PATTEN, Mr. HELSTOSKI, Mr. RODINO, Mr. DOMINICK V. DANIELS, Mr. THOMPSON of New Jersey, Mr. HOWARD, Mr. MINISH, Mr. FORSYTHE, Mr. RINALDO, Mr. WIDNALL, Mr. HUNT, and Mr. MARAZITI):

H.R. 13646. A bill to amend section 4a, the commodity distribution program of the Agriculture and Consumer Protection Act of 1973; to the Committee on Agriculture.

By Mr. ROE (for himself, Ms. ABZUG, Mr. BEVILL, Mr. BROWN of California, Mr. BURKE of Massachusetts, Mr. CLAY, Mr. COUGHLIN, Mr. DAVIS of South Carolina, Mr. DENT, Mr. DUNCAN, Mr. DU PONT, Mr. EDWARDS of California, Mr. EILBERG, Mr. FASCELL, Mr. FRASER, Mr. HANLEY, Mr. HARRINGTON, Ms. HOLTZMAN, Mr. JONES of Oklahoma, Ms. JORDAN, Mr. LITTON, Mr. McSPADDEN, Mr. MURTHA, and Mr. PEPPER):

H.R. 13647. A bill to amend section 4a, the commodity distribution program of the Agriculture and Consumer Protection Act of 1973; to the Committee on Agriculture.

By Mr. ROE (for himself, Ms. ABZUG, Mr. BEVILL, Mr. BINGHAM, Mr. BROWN of California, Mr. BURKE of Massachusetts, Mr. CLAY, Mr. COUGHLIN, Mr. DAVIS of South Carolina, Mr. DENT, Mr. DUNCAN, Mr. DU PONT, Mr. EDWARDS of California, Mr. EILBERG, Mr. FASCELL, Mr. FRASER, Mr. HANLEY, Mr. HARRINGTON, Ms. HOLTZMAN, Mr. JONES of Oklahoma, Ms. JORDAN, Mr. LITTON, Mr. McSPADDEN, Mr. MURTHA, and Mr. PEPPER):

H.R. 13648. A bill to amend the National School Lunch Act and for other purposes; to the Committee on Education and Labor.

By Mr. ROE (for himself, Mr. PODELL, Mr. RONCALLO of New York, Mr. ROYBAL, Mr. SARBANES, Ms. SCHROEDER, Mr. STEELE, Mr. STUDDS, Mr. MOLLOHAN, and Mr. WON PAT):

H.R. 13649. A bill to amend the National School Lunch Act and for other purposes; to the Committee on Education and Labor.

By Mr. ROE (for himself, Mr. PATTEN, Mr. HELSTOSKI, Mr. RODINO, Mr. DOMINICK V. DANIELS, Mr. THOMPSON of New Jersey, Mr. HOWARD, Mr. MINISH, Mr. FORSYTHE, Mr. RINALDO, Mr. WIDNALL, Mr. HUNT, and Mr. MARAZITI):

H.R. 13650. A bill to amend the National School Lunch Act and for other purpose; to the Committee on Education and Labor.

By Mr. ROE (for himself, Ms. ABZUG, Mr. BERGLAND, Mr. BURKE of Massachusetts, Mr. DOMINICK V. DANIELS, Mr. EILBERG, Mr. HANNA, Mr. HAWKINS, Mr. HELSTOSKI, Ms. HOLTZMAN, Mr. HOWARD, Mr. HUNT, Mr. RINALDO, Mr. RODINO, Mr. ROYBAL, Mr. STARK, Mr. STUDDS, Mr. THOMPSON of New Jersey, and Mr. WON PAT):

H.R. 13651. A bill to amend the Public Health Service Act to provide assistance for programs for the diagnosis, prevention, and treatment of, and research in, Huntington's disease; to the Committee on Interstate and Foreign Commerce.

By Mr. ROE:

H.R. 13652. A bill to amend title II of the Communications Act of 1934 to authorize common carriers subject to such title to provide certain free or reduced rate service for individuals who are deaf or hard of hearing; to the Committee on Interstate and Foreign Commerce.

By Mr. VANDER JAGT:

H.R. 13653. A bill to amend title 18, United States Code, to limit the amount of political contributions which may be given to candidates for certain Federal offices; to the Committee on House Administration.

By Mr. McCOLLISTER:

H.J. Res. 943. Joint resolution to authorize and request the President to issue a proclamation designating May 13 of each year as "American Business Day"; to the Committee on the Judiciary.

By Mr. O'HARA:

H.J. Res. 944. Joint resolution to designate the period between August 12, 1974 and August 18, 1974 as "National Amateur Astronomers Week"; to the Committee on the Judiciary.

By Mr. SYMINGTON (for himself, Mr. DAVIS of South Carolina, Mr. EDWARDS of Alabama, Mr. FRASER, Mr. KARTH, Mr. McSPADDEN, Mr. MAZZOLI, Mr. SNYDER, and Mr. TAYLOR of Missouri):

H.J. Res. 945. Joint resolution authorizing the President to proclaim the week beginning on the second Monday in November each year as "Youth Appreciation Week"; to the Committee on the Judiciary.

By Mr. BOLAND:

H. Con. Res. 448. Concurrent resolution relating to peace throughout the world; to the Committee on Foreign Affairs.

By Mr. RUNNELS:

H. Con. Res. 449. Concurrent resolution to declare the sense of Congress that Smokey the Bear shall be returned to his place of birth, Capitan, N. Mex.; to the Committee on Agriculture.

By Mr. YOUNG of Illinois:

H. Con. Res. 450. Concurrent resolution setting a prospective limit on appropriations for the fiscal year ending June 30, 1975; to the Committee on Appropriations.

By Mr. BREAUX (for himself, Mrs. BOGGS, Mr. ESCH, and Mr. NICHOLS):

H. Res. 995. Resolution expressing the sense of the House of Representatives concerning the expenditure of money appropriated by the Congress for the Bicentennial celebration; to the Committee on the Judiciary.

By Mr. REGULA:

H. Res. 996. Resolution in support of continued undiluted U.S. sovereignity and jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama; to the Committee on Foreign Affairs.

By Mr. ROE:

H. Res. 997. Resolution to establish as part of the congressional internship program an internship program for senior citizens in honor of John McCormack, and for other purposes; to the Committee on House Administration.

By Mr. SISK (for himself, Mr. MADDEN, Mr. BOLLING, Mr. PEPPER, Mr. MATSUNAGA, Mr. MURPHY of Illinois, Mr. LONG of Louisiana, Mr. McSPADDEN, Mr. ANDERSON of Illinois, Mr. QUILLEN, Mr. LATTA, and Mr. DEL CLAWSON):

H. Res. 998. Resolution to amend the House rules regarding making of points of no quorum, consideration of certain Senate amendments in conference agreements or reported in conference disagreement, request for recorded votes and expeditious conduct of quorum calls in Committee of the Whole, and postponment of proceeding on suspension motions, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII memorials were presented and referred as follows:

389. By Mr. ZWACH: Memorial of the Legislature of the State of Minnesota, relative to railroad abandonment; to the Committee on Interstate and Foreign Commerce.

390. By the SPEAKER: Memorial of the Legislature of the State of Rhode Island and Providence Plantations, relative to a commemorative stamp in honor of Gen. Nathaniel Greene; to the Committee on Post Office and Civil Service.

391. Also, memorial of the Legislature of the Commonwealth of Virginia, relative to equalizing axle weight limits for interstate trucks; to the Committee on Public Works.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

408. By the SPEAKER: Petition of the County Legislature, Suffolk County, N.Y., relative to Ireland; to the Committee on Foreign Affairs.

409. Also, petition of the City Council, Seward, Alaska, relative to the Harding Ice Field/Kenai Fjords National Monument proposal; to the Committee on Interior and Insular Affairs.