SENATE—*Wednesday, March 20, 1974*

The Senate met at 12 o'clock noon and was called to order by Hon. JAMES ABOUREZK, a Senator from the State of South Dakota.

PRAYER

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

Let us pray today in the words of an enduring hymn:

"O Master, let me walk with Thee
In lowly paths of service free;
Tell me Thy secret; help me bear
The strain of toil, the fret of care.
"Teach me Thy patience; still with Thee
In closer, dearer company,
In work that keeps faith sweet and strong,
In trust that triumphs over wrong.
"In hope that sends a shining ray
Far down the future's broadening way;
In peace that only Thou canst give,
With Thee, O Master, let me live."

—WASHINGTON GLADDEN, 1879.

We pray in His name who came not to be ministered unto, but to minister and give his life for many. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., March 20, 1974.

To the Senate:

Being temporarily absent from the Senate on official duties, I appoint Hon. JAMES ABOUREZK, a Senator from the State of South Dakota, to perform the duties of the Chair during my absence.

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Tuesday, March 19, 1974, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Berry, one of its reading clerks, announced that the House had passed the bill (S. 1115) entitled "An act to amend the Controlled Substances Act to provide for the registration of practitioners conducting narcotic treatment programs," with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 2174. An act to amend the civil service retirement system with respect to the definitions of widow and widower; and

S. 2830. An act to amend the Public Health Service Act to provide for greater and more effective efforts in research and public education with regard to diabetes mellitus.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 4591. An act for the relief of Milagros Catambay Butierrez;

H.R. 5266. An act for the relief of Ursula E. Moore;

H.R. 6202. An act for the relief of Thomas C. Johnson;

H.R. 7128. An act for the relief of Mrs. Rita Petermann Brown;

H.R. 7397. An act for the relief of Viola Borroughs; and

H.R. 11105. An act to amend title VII of the Older Americans Act relating to the nutrition program for the elderly to provide authorization of appropriations, and for other purposes.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 2533) for the relief of Raphael Johnson.

The enrolled bill was subsequently signed by the Acting President pro tempore (Mr. ABOUREZK).

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred, as indicated:

H.R. 4591. An act for the relief of Milagros Catambay Gutierrez;

H.R. 5266. An act for the relief of Ursula E. Moore;

H.R. 6202. An act for the relief of Thomas C. Johnson;

H.R. 7128. An act for the relief of Mrs. Rita Petermann Brown; and

H.R. 7397. An act for the relief of Viola Burroughs. Referred to the Committee on the Judiciary.

H.R. 11105. An act to amend title VII of the Older Americans Act relating to the nutrition program for the elderly to provide authorization of appropriations, and for other purposes. Referred to the Committee on Labor and Public Welfare.

EXECUTIVE SESSION

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

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

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

DEPARTMENT OF STATE

The second assistant legislative clerk read the nominations in the Department of State as follows:

L. Douglas Heck, of the District of Columbia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Niger.

Sumner Gerard, of New Jersey, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Jamaica.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the nominations be considered en bloc.

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

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

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

LEGISLATIVE SESSION

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

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

ORDER OF BUSINESS

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

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

OUR CONTINUING ENERGY PROBLEMS

Mr. COOK. Mr. President, I am delighted and apprehensive by the decision of seven of the nine Arab States—delighted because this increased oil supply will relieve some of the hardship which the people of this Nation have been suffering because of the shortage of petroleum products, and apprehensive because there is an inherent danger that this announcement may cause us to lower our guard and reduce our efforts to meet our continuing energy problems.

Mr. President, we have not solved our energy problems. While the people of the Nation can be justifiably proud of the superb way they responded to the President's requests that they observe strict conservation measures, such measures created no energy fuels and merely reduced the consumption of existing fuels.

I submit to the Senate that we must increase, not decrease, our efforts to find new sources of energy and make full use of those natural resources we have available to us.

Is there an energy crisis? While the United States comprises only 6 percent of the world's population, we use about one-third of the world's energy fuel, or 36 million barrels of oil or its equivalent every day: 17 million barrels come from oil, 11 million barrels come from gas, 7 million barrels come from coal, 1 million barrels come from nuclear, water power, and all other sources.

Where do we use this 36 millions of barrels per day?

Eight millions of barrels for transportation. Thirteen millions of barrels for industry. Seven millions of barrels for generation of electricity. Five millions of barrels in the home. Three millions of barrels in commercial buildings.

If we have this 36 million barrels a day, then what is the problem? Very simply stated, we are running out of oil and gas which provide 77 percent of our energy needs, and we are not using the two fuels that are abundant—coal and nuclear. Yes, this is a crisis, but we should be able to solve it.

I suggest that our crisis was brought about by four basic problems, and each must be solved if we are to be an energy sufficient Nation.

First, rapidly increasing demand: We used 18 million barrel equivalent in 1950; 36 million today; and at this rate, by 1990, we will need 65 million barrels.

Second, diminishing fuel supplies: We are running out of oil and gas, and unless we find some new reserves, we will have to rely more and more on our coal, nuclear power, solar energy, geothermal power, and other sources to meet our demands.

Third, concern for the environment: We pollute the air with fumes from automobiles, incinerators, factories; our streams are polluted by the sewage and waste materials we pour into them. We have made vast improvements. We still have a long way to go, and the road is paved with energy considerations.

Fourth, lack of foresight: We—and I include Congress, the Executive, State, and local governments, industry, you and me—we just did not look far enough ahead and take the required action.

Let us address each of these independently and see what we have done and what we must do:

First, rapidly increasing demand. As I stated earlier, we have made inroads toward solving this part of our problem and I would hope that we could increase these efforts over the coming months. If we have learned nothing else since October, it is that we are a wasteful Nation, and we can get by with using a great deal less energy. One of our most wasteful uses of energy is transportation. It is always easier to ride than to walk, and it is always easier to take our own automobiles than to share with our neighbors. I believe we must insist that our gasoline engines are not efficient. We can no longer accept 7 or 8 miles per gallon in order to move one person from one area to another. When the energy crunch first hit us, one of the first actions we took was to reduce the number of commercial flights available throughout the country. I recognize this did cause inconvenience. However, it is amazing how rapidly we adjusted to this inconvenience.

Before this action, some 45 percent of the space in our commercial aircraft was empty. Now it is not at all unusual to have a full aircraft, and our load figure has increased into the 70 percent area. Additionally, we must design our buildings and our homes to assure that we derive the full use from the energy we expend to heat these buildings. The same is true of commercial buildings. And the list goes on. But I believe we have addressed this first problem, and I think we can cope with it.

Two. Diminishing fuel supplies. This is a little more difficult. There is only so much fuel available. The time is here with us right now when we must use the resources we have available. We are now mining somewhere around 650 million tons of coal a year. We could increase this to over a billion and a half tons a year. The Department of the Interior reports that we have over 3 trillion tons of coal in this country. We must mine this coal, and most assuredly we must reclaim the land after it is mined. It is necessary that we convert this natural valuable resource into usable and acceptable energy fuel. To this end, twice during this Congress I have introduced legislation which would establish an energy research and development trust fund. I believe that the establishment of this fund is essential if we are going to solve this research and development problem so necessary to convert these valuable natural resources to meet our needs.

Therefore, Mr. President, on July 13, 1973, for myself, Senator ROBERT C. BYRD, and Senator HOWARD BAKER, I introduced S. 2167, a bill to accelerate energy research and development by providing adequate funding over a continuing period of time through the creation of an energy research and development fund. The fund would draw its support from those moneys received by the Federal Government from its lease sales of public lands on the Outer Continental Shelf. I reasoned that as it was the shortage of energy which now enhanced the value of these public assets, this new revenue should in turn be used to find relief to the energy problem itself. I still believe that this reasoning is sound and am more than ever convinced that we will never achieve our R. & D. goals by year-to-year financing and must adopt some type of trust fund concept. However, there is good argument for broadening the base of this fund by including receipts from Federal lease sales and all other sales or grants of development rights of energy sources on Federal lands.

It has now been 8 months since I introduced this bill, and while I have been promised by the chairman of the Senate Interior Committee that hearings will be held at an early date, this date has as yet not been set.

In my original concept, I envisioned that the fund would be managed and coordinated by the Interior Department. However, in my introductory remarks, I recognized that new organizational concepts were being considered and suggested that should the President's reorganization reach fruition there may be a new office better suited for this purpose.

One program advanced by the President is of particular interest to me, and this is the creation of an Energy Resource and Development Administration to control the Nation's efforts in this area. The idea is not new, as it is found in the President's earlier program to create a Department of Natural Resources. What is new is the suggestion that we remove R. & D. from the proposed department and create a new independent administration. I think this is sound, and I support it. On November 13, 1973, I introduced a second bill, S. 2694, for this purpose.

I have been encouraged by the action taken by Senator RIBICOFF of the Senate Government Operations Committee, in that he just this week has conducted hearings on S. 2744, a bill designed to establish the Energy Research and Development Administration. He has assured me that I will receive every consideration in the markup sessions, and I sincerely hope that my energy trust fund will be included in the final version of the bill. In addition, we must find and use the oil and gas which I am confident lies on the Outer Continental Shelf. As our existing wells are depleted, we must find new domestic sources. I believe that we must speed the construction and the use of our nuclear powerplants. It is not impossible that we could see a twenty-fold increase in nuclear power before the year 2000. I submit that we must build many new petroleum refineries in the next 5 to 10 years. The refining capacity we have today within the continent is woefully inadequate to handle the petroleum products which are available to us from our domestic and foreign markets. We must make every effort to develop our oil shale, our geothermal energy, our solar energy, magnetohydrodynamics, and all other exotic possibilities for energy sources.

Third, concern for the environment. This is the only planet we have, and we hope to live on it for a long time, and I submit we must do everything possible to protect the environment in which we live. But I also believe that it is necessary that we have intelligent compromise with ecological considerations because such compromise is certainly within our interests. There is a very delicate balance in this consideration, and any changes should be brought about very cautiously. In particular, we have environmental problems which impact very significantly on the production and use of coal. If we are to continue to surface mine our coal, then we must assuredly increase our efforts to conduct these operations in a manner which has minimum impact on the environment. I am proud at the efforts in my State now being conducted at Berea College by the Forestry Service to improve reclamation practices nationwide. Turning to the use of coal, I believe that dynamic research and develop-

ment programs adequately funded over sustained periods of time provide us the only real solution to the problems related to the environmentally acceptable use of our natural resources. One very important consideration relating to the production of electrical energy concerns the siting of powerplants and related power transmission lines and related facilities.

Fourth, lack of foresight. For a long *time, very* few realized the seriousness of our problem. Then, in the space of a few months, we all seemed to try to out do each other to see how much and how quickly legislation could be introduced. As a result, we have seen some 800 pieces of energy related legislation being introduced in this Congress.

The sad commentary is that only emergency bills have passed the Senate. It really does not do us a whole lot of good to fix blame as to why we did not take the necessary action or why we did not pass the necessary bills because that will not solv our problems. The fact is that we just did not do it. And let me conclude by saying, "Let's do it now!"

The American people have no objection to making a sacrifice. They do it, and they have done it many times in the past. They do not want to do it if they are blackmailed.

May I say, in all honesty and all sincerity, I noticed that our friends in the Middle East said the other day that they would reevaluate their position on the 1st of June. Well, hang their damn meeting on the 1st of June. They can do anything they want to at their meeting on the 1st of June. The United States can just tell them, so far as this Senator is concerned, that they can ram that meeting on the 1st of June, purely and simply because this Nation is not going to be bullied in its adequacy to solve the problems of this Nation, and we are going to make a decision now, and we should make it now, that we are going to do it, and we are not going to find ourselves in a position of waiting in line to decide whether we can buy $2 or $3 worth of gasoline, because a few countries in the Middle East have decided that they are going to reevaluate a position on the 1st of June, depending on the fact that this Nation has not done a thing in the long-range solution to our energy problems.

The only thing I can say is that Congress can stand up now and resolve those problems and do it in a way that will do justice to this Nation and do justice to the operation of government as we know it, being reflective of the desires of the people of this Nation.

DEATH OF CHET HUNTLEY

Mr. COOK. Mr. President, before I entered the Chamber earlier this morning, I read on the ticker about the death of a remarkable man at the age of 62. We all had read that Chet Huntley had been very, very ill. But I think it comes as a shock to many of us who thought he was quite a logical, understandable, and objective voice over the years to read this morning about his death.

I would merely like to state for the RECORD that I think his was indeed a remarkable career in the news media as he knew it and that he used that media to a wonderful, wonderful advantage to the American people; that what he brought to the American people in the insight of the news of the day was probably some of the most remarkable objective reporting this country has ever had the opportunity to witness. Of all the news people I have ever known or ever had the privilege to meet, and ever had the privilege to listen to, two of the most outstanding we have ever had the opportunity to listen to were Edward R. Murrow and Chet Huntley.

TRANSACTION OF ROUTINE MORNING BUSINESS

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

A CENTURY OF HIGHER EDUCATION AT EASTERN KENTUCKY

Mr. HUDDLESTON. Mr. President, Eastern Kentucky University is this year commemorating a century of higher education on its campus at Richmond.

Higher education there dates to the 1874 founding of Central University, a Presbyterian institution born out of the conflicts of the Civil War. Since its founding as a public institution in 1906, Eastern Kentucky University has achieved a distinguished record of institutional development. Through its philosophy of extending educational opportunities to the broadest possible segment of society, Eastern Kentucky University has granted 26,630 degrees and has served countless thousands of other individuals in meeting their educational goals. The university now offers more than 200 major degree programs and has an enrollment of some 15,000 sutdents. While many colleges and universities are experiencing severe enrollment declines, Eastern's enrollment has continued to increase.

Under the able and foresighted leadership of its president, Dr. Robert R. Martin, and his outstanding faculty and administrative staff, Eastern Kentucky University has developed a broad academic offering in the liberal and fine arts, the sciences, business, teacher education, preprofessional and professional areas, and in the applied and technical disciplines. Seeking to serve in unique and needed ways, Eastern Kentucky University has taken a position of leadership in many areas. Among their most innovative programs are those in law enforcement and criminal justice, nursing and allied health programs, vocational and technical education, and special education and rehabilitation. More than 1,800 students are presently majoring in law enforcement. The institution was the first in the Nation to receive a Federal grant to establish a school of law enforcement in 1966.

Through its dynamic approach to its responsibilities as a public institution, the university has drawn national attention to itself and its programs, reflecting favorably on the Commonwealth of Kentucky.

I want to express congratulations to President Martin, the faculty, alumni, and students of Eastern Kentucky University during this Centennial Year of Higher Education on the Richmond, Ky., campus.

QUORUM CALL

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

STATISTICAL SUPPLEMENT, STOCKPILE REPORT

A letter from the Administrator, General Services Administration, transmitting, pursuant to law, a copy of the Statistical Supplement, Stockpile Report, for the period ended December 31, 1973 (with an accompanying report). Referred to the Committee on Armed Services.

OPINION AND FINDINGS OF FACT

A letter from the Chief Commissioner, transmitting, pursuant to law, certified copies of the opinion and findings of fact in the case of *Dr. Donald J. Alm* v. *the United States,* Congressional Reference No. 10–72 (with accompanying papers). Referred to the Committee on the Judiciary.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

By the ACTING PRESIDENT pro tempore (Mr. ABOUREZK):

A resolution adopted by the County Legislature of Suffolk County, N.Y., relating to the situation in the "North" of Ireland. Referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on Labor and Public Welfare, with an amendment:

S. 2893. A bill to amend the Public Health Service Act to improve the national cancer program and to authorize appropriations for such program for the next three fiscal years (Rept. No. 93–736).

By Mr. BURDICK, from the Committee on the Judiciary, without amendment:

S. 404. A bill for the relief of Arthur Rike (Rept. No. 93–737).

By Mr. JACKSON, from the Committee on Interior and Insular Affairs, with an amendment:

H.R. 9492. An act to amend the Wild and Scenic Rivers Act by designating the Chattooga River, North Carolina, South Carolina, and Georgia, as a component of the National Wild and Scenic Rivers System, and for other purposes (Rept. No. 93–738).

EXECUTIVE REPORTS OF COMMITTEES

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

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

William J. Mulligan, of Wisconsin, to be U.S. attorney for the eastern district of Wisconsin;

John L. Buck, of Pennsylvania, to be U.S. marshal for the middle district of Pennsylvania; and

Arthur S. Flemming, of Virginia, to be a member of the Commission on Civil Rights.

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

By Mr. WILLIAMS, from the Committee on Labor and Public Welfare:

Abraham Weiss, of Maryland, to be an Assistant Secretary of Labor.

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

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

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

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3191. A bill to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force. Referred to the Committee on Armed Services.

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3192. A bill to extend the time limit for the award of certain military decorations. Referred to the Committee on Armed Services.

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3193. A bill to amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps, and Air Force upon recommendation of a selection board, and for other purposes. Referred to the Committee on Armed Services.

By Mr. GURNEY:

S. 3194. A bill to provide for the termination of certain oil and gas leases granted with respect to land located in the Ocala National Forest. Referred to the Committee on Interior and Insular Affairs.

By Mr. BENTSEN:

S. 3195. A bill to amend Title VII of the Older Americans Act relating to the nutrition program for the elderly to provide authorization of appropriations, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. JACKSON:

S. 3196. A bill for the relief of Mr. Charles E. Robertson. Referred to the Committee on the Judiciary.

By Mr. JACKSON:

S. 3197. A bill to direct the Comptroller General of the United States to conduct a study of the reporting requirements of Federal agencies on independent business establishments, and for other purposes. Referred to the Committee on Government Operations.

By Mr. CLARK (for himself, Mr. Moss, and Mr. PERCY):

S. 3198. A bill to amend title XVIII of the Social Security Act to require skilled nursing facilities under the medicare program and the medicaid program to provide medical social services. Referred to the Committee on Finance.

By Mr. MONDALE:

S. 3199. A bill for the relief of Clover Venice Barnes. Referred to the Committee on the Judiciary.

By Mr. MONDALE (for himself, Mr. HART, Mr. BROOKE, Mr. JOHNSTON, Mr. HUMPHREY, Mr. EAGLETON, Mr. KENNEDY, Mr. HATHAWAY, and Mr. ABOUREZK):

S. 3200. A bill to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes who are unable to amortize their debt elsewhere, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

By Mr. HUMPHREY:

S. 3201. A bill for the relief of Mr. and Mrs. Leodegario V. Soriano, Jr. Referred to the Committee on the Judiciary.

By Mr. NELSON:

S. 3202. A bill to amend the Farm Labor Contractor Registration Act of 1963 to provide for the extension of coverage and to further effectuate the enforcement of such act. Referred to the Committee on Labor and Public Welfare.

By Mr. WILLIAMS (for himself, Mr. CRANSTON, Mr. JAVITS, Mr. TAFT, Mr. STAFFORD, Mr. PELL, Mr. KENNEDY, Mr. EAGLETON, Mr. HUGHES, and Mr. SCHWEIKER):

S. 3203. A bill to amend the National Labor Relations Act to extend its coverage and protection to employees of nonprofit hospitals, and for other purposes. Referred to the Committee on Labor and Public Welfare.

By Mr. MATHIAS:

S. 3204. A bill to eliminate discrimination based on sex in the youth programs offered by the Naval Sea Cadet Corps. Referred to the Committee on the Judiciary.

By Mr. MOSS (for himself and Mr. GOLDWATER) (by request):

S. 3205. A bill to amend section 203(b) of the National Aeronautics and Space Act of 1958. Referred to the Committee on Aeronautical and Space Sciences.

By Mr. NELSON (for himself, Mr. ABOUREZK, Mr. BAYH, Mr. BIBLE, Mr. BIDEN, Mr. BROOKE, Mr. CANNON, Mr. CASE, Mr. CHILES, Mr. CLARK, Mr. DOMENICI, Mr. DOMINICK, Mr. FONG, Mr. FULBRIGHT, Mr. GRAVEL, Mr. GURNEY, Mr. HANSEN, Mr. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. KENNEDY, Mr. MATHIAS, Mr. McGEE, Mr. McGOVERN, Mr. McINTYRE, Mr. MONDALE, Mr. MOSS, Mr. NUNN, Mr. PACKWOOD, Mr. PASTORE, Mr. PELL, Mr. PERCY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STEVENSON, Mr. SYMINGTON, Mr. TAFT, Mr. TOWER, Mr. TUNNEY, Mr. WILLIAMS, Mr. INOUYE, Mr. EAGLETON, Mr. CRANSTON, and Mr. HOLLINGS):

S.J. Res. 196. Joint resolution designating April 21 through April 28 as "Earth Week, 1974". Referred to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3191. A bill to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force. Referred to the Committee on Armed Services.

Mr. STENNIS. Mr. President, by request, for myself and the Senator from South Carolina (Mr. THURMOND), I introduce, for appropriate reference, a bill to amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining the purpose be printed in the RECORD immediately following the listing of the bill.

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

S. 3191

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that chapter 361 of title 10, United States Code, is amended by inserting the following new section after section 3814, and inserting a corresponding new item in the chapter analysis:

§ 3814a. Regular commissioned officers: second lieutenants, first lieutenants, and captains; discharge during a reduction in force

"(a) Under regulations prescribed by the Secretary of the Army, whenever there is a reduction in the actual personnel strength of the Army, a commissioned officer in a regular grade below major may be discharged, without his consent, if that discharge accords with the recommendations of a board of officers appointed by an authority designated by the Secretary to determine the officers to be continued on active duty.

"(b) An officer not selected for continuation under subsection (a) shall—

"(1) if he is eligible, and so requests, be retired under section 3911 of this title;

"(2) if he is not eligible for retirement under section 3911 of this title, but is eligible for retirement under any other provision of law, be retired under that law on the date he requests and approved by the Secretary, but not later than 90 days after he receives notification that he has not been selected for continuation; or

"(3) if he is not eligible for retirement under section 3911 of this title or any other

provision of law, or does not request retirement under section 3911 of this title if he is eligible, be honorably discharged on the date he requests, and approved under regulations prescribed by the Secretary but not later than 90 days after he receives notification that he has not been selected for continuation.

An officer who has completed, immediately before his discharge, at least five years of continuous active duty is entitled to a readjustment payment computed by multiplying his years of service, but not more than eighteen, computed under section 3927(a) of this title, by two months' basic pay of the grade in which he is serving on the date of his discharge. Such an officer may not be paid more than two years' basic pay of the grade in which he is serving at the time of his discharge or $15,000, whichever amount is the lesser.

"(c) For the purposes of subsection (b)(3), including eligibility for and computation of readjustment pay, a part of a year that is six months or more is counted as a whole year, and a part of a year that is less than six months is disregarded, in determining the years of service for computation of the amount of readjustment pay.

"(d) If an officer who received a readjustment payment under this section qualifies for retired pay under any provision of this title or title 14 that authorizes his retirement upon completion of twenty years of active service, an amount equal to 75 percent of that payment, without interest, shall be deducted immediately from his retired pay.

"(e) This section does not apply to an officer who is required to be discharged for failure of promotion to the grade of first lieutenant, captain or major under section 3298 or 3299, or who is found to be disqualified for promotion under section 3302, of this title.

"(f) An officer recommended for removal from the active list under chapter 359 or 360, or who is selected for discharge under section 3814, of this title, may not be considered under this section. However, failure to consider an officer for separation under chapter 359 or 360, or section 3814, of this title does not prevent him from being considered for continuation under this section.

"(g) Under regulations prescribed by the Secretary, a regular officer who is within two years of becoming eligible for retired pay may not be involuntarily discharged under this section before he becomes eligible for that pay, unless his discharge is approved by the Secretary."

SEC. 2. This Act is effective on the date of enactment and expires two years after that date.

DEPARTMENT OF THE ARMY,
Washington, D.C., November 29, 1973.

HON. JAMES O. EASTLAND,
President pro tempore, U.S. Senate.

DEAR MR. PRESIDENT: A draft of legislation "To amend title 10, United States Code, to provide that commissioned officers of the Army in regular grades below major may be involuntarily discharged whenever there is a reduction in force" is enclosed. This proposal is part of the Department of Defense Legislative Program for the 93rd Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Army has been designated as the representative of the Department of Defense for this legislation. It is recommended that this proposal be enacted by Congress.

PURPOSE OF LEGISLATION

The purpose of the proposed legislation is to permit the Secretary of the Army, or his designee, to convene boards which would be empowered to determine whether certain Regular Army second lieutenants, first lieutenants, and captains should be discharged during a period when the personnel strength of the Army is being reduced. Officers in the Army Reserve who are serving on active duty are subject to release from active duty during such periods (10 U.S.C. 1162). The bill would enable the Secretary of the Army to consider certain regular commissioned officers for continuation on active duty during such a reduction in a manner similar to that authorized for release of reserve officers during a reduction in force.

Under current Army policy, reserve officers released from active duty are permitted to remain in the Reserves in an active or inactive status. Under the bill, Regular Army officers would be discharged from the Army. As Regular Army Officers do not hold reserve commissions, this would effect their complete separation from the military. Generally, however, Regular Army officers who are discharged from the Regular Army are tendered reserve commissions. It is anticipated that regular officers who are not selected for continuation under this bill would be similarly treated and be given the opportunity to accept a reserve commission. This would enable the officers to continue their military service should they so desire, and, by permitting them to serve in the Reserve, would place them in the same position as their contemporaries in the Reserve who are released from active duty.

The Department of the Army considers the proposed legislation as providing a very useful career management tool for maintaining the high quality of the officer force. By using the authority granted him in the bill, the Secretary of the Army would be able to insure that those officers who remain on active duty during a time of a reduction in force will be those officers who have best demonstrated an ability to perform in a satisfactory and efficient manner. By enabling the Secretary of the Army to consider both regular officers and reserve officers at the same time, all officers affected by the reduction in force will be considered equally with their contemporaries without regard to their component. Thus, it will correct a situation which leads to certain inequities which are caused because Regular Army officers cannot be discharged during a reduction in force even though their records may be comparable to reserve officers who are released from active duty. Additionally, by enabling the Secretary to consider both regular and reserve officers for continuation on active duty, it will enable the Secretary to retain some reserve officers on active duty who might otherwise be released from active duty simply because their retention would cause an overage in authorized strength during a reduction in force.

A compensation formula has been included in the bill for officers who are not selected for continuation, but do not qualify for retirement. It provides for two months' basic pay for each year of service, with a $15,000 or two-year basic pay maximum, whichever is lesser, that may be paid to any one officer. This compensation formula is similar to that which is applicable to reserve officers who have been selected for release from active duty during a reduction in force (10 U.S.C. 687). The bill also provides that its provisions would not be applicable to an officer who is required to be discharged because he has failed to be promoted to first lieutenant, captain, or major. It also provides that, in the case of members of the Medical, Dental, or Veterinary Corps, it provisions would not be applicable should they be found not to be qualified for promotion by a professional screening board. The provisions of the bill also would not be applicable to an officer who has been found disqualified for duty because of moral or professional dereliction of duty or whose continued service would not be in the interests of national security or an officer who is discharged during his three year probationary period. Because discharge of officers for moral or professional dereliction of duty, in the interests of national security, or during their probationary period is a matter within the discretion of the Secretary of the Army, the bill provides that failure to discharge an officer for those reasons would not preclude his discharge under the provisions of the bill. The proposed legislation would contain adequate protection for those regular officers who are within two years of eligibility for retirement. Such protection parallels are currently enjoyed by reserve officers in a similar position (10 USC 1163(d)). Finally the bill provides that it will be effective for only two years after enactment.

With the reduction of the overall commitment of the United States forces in Southeast Asia, the Army has been greatly reduced in strength. It is anticipated that these reductions will necessitate the additional involuntary release of officers in FY 75. The sizeable reduction the officer corps has already experienced during the past few years has been accomplished primarily through the involuntary separation of reserve component officers. To provide the necessary quality screening of the career force and to provide a measure of equity to the officer corps, it is desired that, if necessary, some of this additional reduction be allowed to come from the Regular Army component. The Department of the Army strongly urges that the bill be enacted.

COST AND BUDGET DATA

There are no cost implications from approval of this legislation. This would substitute the involuntary discharge of a regular officer in lieu of involuntary release of a reserve officer. Both would be entitled to the same readjustment payment.

Sincerely,

HOWARD H. CALLAWAY,
Secretary of the Army.

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3192. A bill to extend the time limit for the award of certain military decorations. Referred to the Committee on Armed Services.

Mr. STENNIS. Mr. President, by request, for myself and the Senator from South Carolina (Mr. THURMOND), I introduce, for appropriate reference, a bill to extend the time limit for the award of certain military decorations.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining its purpose be printed in the RECORD immediately following the listing of the bill.

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

S. 3192

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, a decoration or device in lieu of decoration which, prior to the date of enactment of this Act, has been authorized by Congress to be awarded to any person for an act, achieve-

ment, or service performed while on active duty in the Armed Forces of the United States, or while serving with such forces, may be awarded at any time not later than two years after the date of enactment of this Act for any such act or service performed between July 1, 1958 and March 28, 1973 inclusive, if written recommendation for the award of the decoration, or device in lieu of decoration, is made not later than one year subsequent to the date of enactment of this Act.

DEPARTMENT OF THE AIR FORCE,
Washington, D.C., January 31, 1974.

Hon. GERALD R. FORD,
President of the Senate.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of legislation "To extend the time limit for the award of certain military decorations."

This proposal is a part of the Department of Defense Legislative Program for the 93d Congress, and the Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. The Department of the Air Force has been designated to act on behalf of the Department of Defense for this legislation. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to extend the time limit for recommending and awarding certain decorations for acts, achievements, or service performed during the period of hostilities in Southeast Asia.

Time limitations have been imposed by Congress on the medal of honor; the Army's distinguished service cross and distinguished service medal; the Navy's distinguished service medal, Navy cross, silver star medal and Navy and Marine Corps medal; the Air Force's distinguished service medal and Air Force cross, and the Coast Guard's distinguished service medal, distinguished flying cross, and Coast Guard medal (10 U.S.C. 3744, 6248, 8744; 14 U.S.C. 496). For these Army and Air Force decorations a recommendation must be initiated within two years after the distinguished service and the award made within three years after the date of the act justifying the award. For the Navy, Marine Corps and Coast Guard, the recommendation must be initiated within three years from the date of the act or service and the award made within five years. In the case of all services, provision is made for an exception to the time limitation for award, but only if the recommendation has been lost or, through inadvertence, not acted upon.

The time limitations specified in sections 3744, 6246, and 8744 of title 10 and section 496 of title 14 do not apply to such awards as the Army and Air Force silver star, Legion of Merit, Soldier's Medal, Air Force distinguished flying cross, Airman's Medal, Bronze Star Medal, Air Medal, service commendation medals, and Purple Heart. However, in the interest of consistency and administration, the military departments have established time limitations for these cited decorations which are based on limitations in the above-cited sections of title 10 and 14. This procedure has been consistently followed.

As a result of these time limitations, many individuals who participated in the Vietnam Conflict may have been denied appropriate recognition of their heroism, self-sacrifice or exceptional accomplishments. In some instances prolonged delays have been encountered in receiving necessary substantiating information from individuals who were prisoners of war or from those who were evacuated from the combat zone due to wounds, injuries or illness. In other instances, records were destroyed either by enemy action or to prevent their falling into the hands of the enemy. Enactment of this proposed legislation will prevent these cases from lapsing by providing for a period of two years from the date of enactment for awarding decorations for acts, achievements, or service performed between July 1, 1958 and March 28, 1973, if written recommendation for the award is made not later than one year after the date of enactment.

The Armed Forces Expeditionary Medal may be awarded to personnel who participated in the Vietnam operation between July 1, 1958 and July 3, 1965. The Vietnam Service Medal is awarded for such participation between July 4, 1965 and March 28, 1973. Accordingly, the draft legislation specifies July 1, 1958 through March 28, 1973 as the qualifying period.

Similar legislation was enacted in 1950 concerning awards for World War II (64 Stat. 103) and in 1956 concerning awards for the Korean Conflict (70 Stat. 933).

In summary, this legislation would provide authority over a limited period for the granting of awards to deserving individuals, which could not be granted under existing law. The Department of the Air Force on behalf of the Department of Defense recommends that the legislation as described above be enacted.

COST AND BUDGET DATA

Enactment of the proposed legislation would have no significant budgetary impact inasmuch as the procedures for processing recommendations for decorations are already established and most of the medals which will be required are already in stock.

Sincerely,

JAMES P. GOODE,
Acting Assistant Secretary, Manpower and Reserve Affairs.

By Mr. STENNIS (for himself and Mr. THURMOND) (by request):

S. 3193. A bill to amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps, and Air Force upon recommendation of a selection board, and for other purposes. Referred to the Committee on Armed Services.

Mr. STENNIS. Mr. President, by request, for myself and the Senator from South Carolina (Mr. THURMOND), I introduce, for appropriate reference, a bill to amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps, and Air Force upon recommendation of a selection board, and for other purposes.

I ask unanimous consent that a letter of transmittal requesting consideration of the legislation and explaining the purpose be printed in the RECORD immediately following the listing of the bill.

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

S. 3193

A bill to amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps, and Air Force upon recommendation of a selection board, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That part II of subtitle A by of title 10, United States Code, is amended by inserting the following new chapter after chapter 61:

"CHAPTER 62.—RETIREMENT OR CONTINUATION ON THE ACTIVE LIST OF CERTAIN OFFICERS UPON RECOMMENDATION OF A SELECTION BOARD

"Sec.
"1235. Regular commissioned officers: continuation on the active list.
"1236. Transition payments to certain officers.
"1237. Authority to convene selection boards to recommend certain officers for continuation on the active list.

"§ 1235. REGULAR COMMISSIONED OFFICERS: CONTINUATION ON THE ACTIVE LIST

"(a) Notwithstanding any other law, each regular officer on the active list of the Army, Navy, Marine Corps, or Air Force serving under either a temporary or permanent appointment in the grade of—

"(1) lieutenant colonel or commander (Navy) who has failed of selection for temporary or permanent promotion to the grade of colonel or captain (Navy) two or more times and whose name is not on a promotion list; or

"(2) colonel or captain (Navy) who has served at least four years in grade and whose name is not on a promotion list;

may be considered for continuation on the active list by boards convened under section 1237 of this title. The number of such officers authorized by the Secretary concerned to be selected for continuation on the active list may not be less than 70 percent of the number of such officers considered in the various officer communities as prescribed by the Secretary concerned.

"(b) Notwithstanding any other law, an officer who is considered for continuation under this section and who is not selected for continuation shall—

"(1) if he is eligible for retirement under any other law, be retired under that law on such date as may be requested by him and approved by the Secretary concerned, but not later than the first day of the seventh month after the Secretary concerned approves the report of the board that considered him for continuation;

"(2) if he is not eligible for retirement under any other law, be retained on the active list until he attains such eligibility, and then be retired, unless he is sooner separated under any other law; or

"(3) if his name is placed on a promotion list to a higher grade than that in which he was serving at the time he was considered and not selected for continuation under this section, be retained on the active list.

"(c) An officer may be considered for continuation on the active list under this section only once in each grade.

"§ 1236. TRANSITION PAYMENTS TO CERTAIN OFFICERS

"(a) An officer who—

"(1) on the effective date of this Act, is either serving in the grade of lieutenant colonel or commander (Navy) or colonel or captain (Navy); or is on a promotion list to one of those grades;

"(2) is not recommended for promotion to a higher grade after the effective date of this Act; and

"(3) is considered but not selected for continuation on active duty under section 1235 of this title;

is entitled to the transition payment prescribed in subsection (b).

"(b) An officer who is in the category described in subsection (a) is entitled to a lump-sum transition payment of $4,000.

"§ 1237. AUTHORITY TO CONVENE SELECTION BOARDS TO RECOMMEND CERTAIN OFFICERS FOR CONTINUATION ON THE ACTIVE LIST

"The Secretary concerned shall—

"(1) whenever the needs of the Service require, convene selection boards to recommend certain officers for continuation on the active list in accordance with the provisions of this chapter; and

"(2) prescribe regulations for the administration of this chapter."

SEC. 2. A regular officer may be considered for continuation on the active list under the amendments made by this Act at any time after the effective date of this Act.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., September 18, 1973.

Hon. SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is forwarded herewith a draft of proposed legislation "To amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps and Air Force upon recommendation of a selection board, and for other purposes."

The proposal is a part of the Department of Defense Legislative Program for the 93rd Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this proposal for the consideration of the Congress. It is recommended that this proposal be enacted by the Congress.

PURPOSE OF THE LEGISLATION

The purpose of this proposal is to authorize the Secretaries of the Military Departments to convene selection boards to consider for selective continuation regular commissioned officers who:

(1) in the grade of lieutenant colonel or commander (Navy) have at least twice failed of selection for promotion to the temporary/permanent grade of colonel or captain (Navy).

(2) have served more than four years in the temporary/permanent grade of colonel or captain (Navy).

Under existing law for the Army and Air Force, an officer in the regular (permanent) grade of lieutenant colonel is subject to mandatory retirement upon completion of 28 years of commissioned service. Similarly, an officer in the regular (permanent) grade of colonel is subject to mandatory retirement upon completion of 30 years of service, or five years in grade, whichever is later. No similar authority is provided under the temporary promotion laws of these services (section 3442 and 8442 of title 10, United States Code) for regular officers serving in or failing of selection to temporary grades. Since temporary promotions occur earlier than do permanent promotions, an officer who has been twice non-selected for a temporary promotion is allowed to remain on active duty for several years thereafter.

In comparison, existing law for the Navy and Marine Corps (sections 6376, 6377 and 6379 of title 10, United States Code) subjects regular commanders or lieutenant colonels to involuntary retirement for length of service after completion of 26 years commissioned service and two failures of selection to the next higher grade. Regular officers in the grade of captain (Navy) or colonel are involuntarily retired for length of service after completion of 30 years commissioned service (and two failures of selection) or 31 years commissioned service in certain cases. These provisions for the Navy and Marine Corps apply to officers in their temporary as well as permanent grades.

Because of the tenure afforded by these laws an officer may not be involuntarily retired before his mandatory length-of-service retirement date except by reason of physical disability, under punitive conditions or for unsatisfactory performance of duty. Involuntary separation of naval officers with more than three years of active duty can be effected only by court martial, by dropping the officer from the rolls under 10 U.S.C. 1161 and 1163, or, if the officer has less than 20 years of service, by an approved selection-board finding of unsatisfactory performance. While these existing procedures provide for the disposition of certain officers, they do not permit the early involuntary retirement of officers who are excess to the needs of the services, particularly in times of rapid force reductions. Therefore these provisions have limited application in the management of the regular active duty officer force.

The basic purpose of this legislative proposal is to provide a more flexible management authority to correct imbalances in officer grade distribution that result from large fluctuations in the officer forces over relatively short periods of time. For example, during the past several years a series of force reductions has made it necessary to separate from active service undesirably large proportions of junior officers because of the statutorily guaranteed tenure in the senior grades. This proposal would provide the Services with greater personnel-management flexibility during such periods of reduction, facilitating maintenance of desirable grade balance, and complementing the Services' efforts to maintain a high quality officer force.

A board convened under these provisions would recommend officers for continuation on active duty in the number specified by the Secretary. However, the number specified for continuation on active duty must be at least 70% of the officers being considered in each officer community. An officer may be considered for continuation on active duty under this authority only once while serving in the grade of lieutenant colonel or commander and only once while serving in the grade of colonel or captain (Navy). Each retirement-eligible officer not selected for continuation on active duty would be retired not later than the first day of the seventh month following the date the Secretary approves the board report. Those officers who are not eligible for retirement would be retained on active duty until qualified for retirement and then retired.

This legislation will provide immediate authority to respond to significant reductions in force, while establishing an on-going method to maintain balance in the officer structures if such reductions are experienced in the future. The Army and the Air Force had similar authority during a five-year period from 1960 to 1965 (section 10 of the Act of July 12, 1960, P.L. 86-616 (74 Stat. 395)). The Navy also had similar authority from 1959 to 1970 (the Act of August 11, 1959, P.L. 86-155 (73 Stat. 333)).

There will be officers not selected for continuation and forced to retire under this proposal immediately following its enactment. These officers will be required to make a transition to civilian life with little prior notice when their age limits opportunities for a second career. Accordingly this proposal provides for a lump-sum transition payment of $4,000 to those officers who are not continued from a grade in which they are serving, or to which they have been selected at the time this proposal is enacted into law. Officers appearing on promotion lists after the date of enactment and involuntarily retired under this proposal will not be entitled to the transition payment.

This is a long-range, permanent measure to provide more flexibility in the career management of the regular officer force. It would provide an immediate step towards achieving overall officer management objectives of the Department of Defense. The changing times and needs of the Services make this legislation essential.

COST AND BUDGET DATA

Enactment of the proposal will not result in increased Fiscal Year 1974 budgetary requirements for the Departments of Defense. To the extent that discontinuation transition payments are effected in FY 1974 they will be absorbed within available appropriations.

The five year monetary outlays for transition pay based on the officer end-strengths contained in the President's Budget for Fiscal Year 1974 and current projected end strengths for the out-years are estimated to be:

[In millions of dollars]

Fiscal year:	
1974	2.9
1975	.8
1976	.8
1977	1.0
1978	.8

If unforeseen additional officer reductions are imposed in Fiscal Year 1974 and the out-years, the costs of transition pay will be increased.

Although they cannot be accurately estimated at this time, it is expected that overall cost savings will accrue from the discontinuation of officers. These savings will result from a combination of factors, including the reduced lifetime retirement pay of these officers retired with less than normal statutory service, a reduced number of officers in those grades affected, and a decreased proportion of officers who have maximum years of longevity for pay purposes in each of the grades affected.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

Section by Section Analysis of a Bill "To amend title 10, United States Code, to authorize the selective continuation of certain regular commissioned officers on the active lists of the Army, Navy, Marine Corps, and Air Force upon recommendation of a selection board, and for other purposes."

SECTION 1

This section inserts a new chapter 62 into part II of subtitle A of title 10, United States Code, the purpose of which is to authorize the selective continuation on the active list of certain regular commissioned officers upon the recommendation of a board. The chapter is composed of three sections as follows:

Section 1235

Subsection (a) authorizes selection boards to consider for continuation on the active list two categories of regular commissioned officers in all four of the Services—(1) each lieutenant colonel and commander (Navy) who has failed of selection for promotion to the temporary or permanent grade of colonel or captain (Navy) two or more times, and whose name is not on a promotion list, or (2) each colonel or captain (Navy) who has served at least four years in grade and whose name is not on a promotion list. The number of such officers authorized by the Secretary concerned to be selected for continuation on the active list may not be less than 70 percent of the number of such officers considered in the various officer communities. The Secretary concerned, under his authority in section 1237 to prescribe regulations to administer this chapter, will define what is meant by "officer communities" for the military department under his jurisdiction.

Subsection (b) provides that an officer who is considered but not selected for continuation under this section shall be removed

from the active list. If such an officer is eligible for retirement under any other law, he shall be retired under that law on such date as may be requested by him and approved by the Secretary concerned, but not later than the first day of the seventh month after the Secretary concerned approves the report of the board that considered him for continuation.

If, however, such an officer is not eligible for retirement, he shall be retained on active duty until he attains such eligibility, and then be retired, unless he is sooner separated under some other law. If an officer is subsequently promoted to a higher grade, he shall be retained on the active list in that higher grade. In that case, he may again be considered for continuation while serving in that higher grade.

Subsection (c) provides that an officer may be considered for continuation on the active list only once in each grade.

Section 1236

Subsection (a). The purpose of this subsection is to authorize a transition payment to be paid to those officers who, on the effective date of this Act, are already serving in one of the grades covered in section 1235 (or on a promotion list to one of those grades) and who later are non-continued under that section prior to the normal mandatory retirement date for length of service (and for failure of selection in the case of the Naval Service) for that grade. An officer who is recommended for promotion to a higher grade after the effective date of this Act is not entitled to the transition payment.

Subsection (b) prescribes a lump-sum transition payment in the amount of $4,000.

Section 1237

This section requires the Secretary concerned, whenever the needs of the Service require, to convene selection boards to recommend certain officers for continuation on the active list in accordance with the provisions of this chapter. Further, the Secretary concerned is given broad discretionary authority to prescribe regulations for the administration of this chapter. The purpose of this section is to give the Secretary concerned the discretionary power to prescribe by regulation the details of the system for considering officers for continuation. The Secretary concerned may prescribe such matters as: the zone of officers to be considered, the composition and voting rules of the selection boards, the frequency with which the boards shall be convened, the definition of what "various officer communities" to be considered means, additional qualifications for eligibility for consideration, and any other matter necessary to administer this chapter.

SECTION 2

This section provides that a regular officer may be considered for continuation on the active list at any time after the effective date of this Act.

By Mr. GURNEY:

S. 3194. A bill to provide for the termination of certain oil and gas leases granted with respect to land located in the Ocala National Forest. Referred to the Committee on Interior and Insular Affairs.

Mr. GURNEY. Mr. President, today I am introducing a bill which would terminate the leasing of lands in the Ocala National Forest, in the State of Florida, for the purpose of exploration for gas and oil.

As some of my colleagues here in the Senate may recall, on February 7, on page 2640 of the CONGRESSIONAL RECORD, I inserted my testimony which I gave before the Department of Interior during hearings held in Ocala, Fla., with regard to their proposal to lease certain areas located within the Ocala National Forest for oil and gas exploration. I would like at this point to request that my testimony of this date be printed at this time.

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

STATEMENT MADE BY SENATOR EDWARD J. GURNEY ON THE PROPOSED OIL AND GAS EXPLORATION IN THE OCALA NATIONAL FOREST

I oppose oil and gas exploration in the Ocala National Forest in the strongest possible fashion.

My opposition is based on two points. First, there is a strong possibility that such drilling will jeopardize critical water resources in Florida's underground aquifer. Second, such drilling will seriously encroach upon the natural beauty and recreational use of this valuable national forest.

Nor does it appear that the oil and gas potential in this area will contribute significantly to our energy needs, urgent as they are, to outweigh the negative factors which would need to be done to accomplish the proposed oil and gas drilling.

We are in the grip of the latest crisis to appear on the national scene—the energy crisis—and we must not fall into the process of making all the panicky, poorly thought out over-reactions that have characterized other responses to recent problems.

Energy has come to be taken for granted by the American consumer because it had always been available at low cost.

The individual consumer, and industry as well, could not conceive of a situation in which they could not have all the cheap energy they wanted.

Although some segments of the energy industry continued to promote the use of more and more energy—especially electricity—there were warnings from the oil industry that things might not be so easy going in the future.

Within the past year, those somewhat dire predictions have become less prediction and more dire. The embargo on most oil exports from the Mid-East following the October Arab-Israeli war has jeopardized the oil supply of America.

Because of the tightening supply situation, the Federal Government, industry, and the American people have been willing to accept some strong medicine—such as lowered home and work temperatures, reduced speed limits, and Sunday service station closings—however, such measures do not serve as basis for the idea that we need to sink exploratory wells into every geological structure that might contain a barrel of oil.

The environmental crisis, which we have survived, left us with numerous examples of inflated rhetoric and throughtless response.

That crisis also left us with a greater appreciation of a serious set of problems.

It would be folly of the highest sort for us to now repeat the errors of the crisis past, while forgetting the lessons which it taught. Yet, that is just what we seem to be doing.

Our new found broadened perspective of that natural world makes clear that we cannot undertake a change of local conditions

The serious nature of the consequences quences in return.

The serious nature of the consequences which might follow from oil drilling operations—either exploratory or production efforts—is what leads me to strongly oppose the proposed oil operations in the Ocala National Forest.

The most disturbing possible adverse effect of this proposal is the threat posed to the important water bearing strata. This Floridan aquifer is the water barrel for most of Florida. Any reduction in the ability of this aquifer to so serve our population is much too high a price to pay for energy.

We are continually reminded that a nation which runs on energy cannot afford to run out.

We need to remind ourselves, however, that we can move without oil, but we can't live without water.

The adequacy of our water supply is not to be glibly assumed. To do so would be to repeat our experience with energy supplies—an experience which has shown that the unlimited has a faculty for becoming limited, very quickly.

Already in areas near the Ocala National Forest, ground water levels have dropped significantly.

Growth of industry and population in this area and elsewhere in Flordia will place increasing demands on this most precious resource.

If all planned sites in Marion County, for instance, are developed, the population will grow from the present level of 72,000 to nearly 350,000 in 8 to 10 years, it is estimated.

In another instance, the United States geological survey has reported that the Greater Orlando area by 1980 will have exceeded a 50% withdrawal of recharged ground water necessitating a new source of supply elsewhere. One suggested source for the needed supplement is the Ocala area.

Added to the evident water needs for people are the additional requirements for industry and agriculture.

Taken together, there is too much of our future well-being dependent upon the Floridian aquifer to proceed with oil drilling in the Ocala National Forest.

We must retain some degree of concern for the long-term outlook, rather than being captivated by expediencies of the moment.

The threat to the Floridian aquifer, as I said, is the most disturbing element of the proposed oil enterprise in the Ocala National Forest, but there are other less spectacular environmental ills ahead if we follow the course of action.

Numerous conservationists have criticized the oil exploration program only to be informed by various agency officials that only a miniscule portion of the Ocala National Forest will be affected. In one agency response it was noted that "less than one-tenth of one percent of the forest area would be disturbed if there is a major discovery of oil or gas."

While such expressions may be technically accurate as far as surface area cleared for drilling, they ignore the esthetic impact of the operations on the surrounding forest lands.

Similarly, the threat posed by an oil spill spreading through the waters of the forest would soon affect a considerably greater portion of the lands than the one-tenth of one percent cited.

I am not in opposition to the principle of multiple use under which our national forests are operated. Certainly more than one beneficial use can be derived from these lands.

One must be able to draw a line occasionally, however, when a proposed use would too greatly impede other uses. A consumptive use is not to be ruled out, but non-consumptive uses such as recreation must be protected.

It is hard to conceive that if oil is discovered in great enough quantity that only the area mentioned in this proposal would be effected. We must consider not just the exploration but the act of drilling itself if the exploration is successful. Slowly but surely additional requests will be received by the Department of the Interior to lease more and more acres in the Ocala National Forest until we would hear from these same officials not "only one-tenth of the forest would be affected" but that "only one-tenth of the forest would not be effected."

Public input in the past has indicated a considerable interest in maintaining the unique features of this forest in its natural state. This represents a growing public demand emphasizing recreational type usage of the Ocala National Forest over natural resource development.

Between 1960 and 1970, 24 million people were added to the population of the United States, increasing the total to 203.2 million. Population projections indicate an increase of between 57 and 96 million by the year 2000. State population densities now range from over 1,000 persons per square mile to less than 5 per square mile. Florida, as you know, leads the nation as one of the fastest growing States. As Florida grows, so does the demand by its citizens for recreational land.

Some of America's natural resources need special consideration for their high recreational potential and/or their need to be protected. These are areas of great value to outdoor recreation on which uncontrolled development could result in irreversable damage to historic, cultural, or esthetic values, or natural systems and processes.

Many areas of critical concern in Florida have been identified and classified by the State in comprehensive outdoor recreation plans. The Ocala area has been recognized for not only its recreational value but also for its representation as the last ground water recharge area in the State.

This environmental impact statement we are reviewing today states that "the Ocola National Forest is one of the oldest and heaviest used national forests in the eastern United States with over two million visitor days of recreation use each year. Millions of Americans look to this forest for outdoor recreation, where they can escape from their daily tensions of life."

The summary of this environmental impact statement points out that oil and gas operations will involve building roads, clearing land for drilling, production sites, and pipeline. The amount, size, and location of activity would depend upon the extent of the oil and/or gas discoveries. The report points out that "an accidental oil or salt water spill or well blow-out is possible during drilling or production operations. Adverse effects which could result from activities or mishaps are a reduction in the naturalness of the forest, danger to human life, danger to wildlife, danger to historic or archeological resources, and oil or water pollution."

The report fails to state, however, that there is also the possible loss of recreational opportunities. Florida needs this forest and I feel that to accept the change and permit these oil and gas explorations is unthinkable abuse of our national forest.

The proposal we are examining here denies protection of forest lands for esthetic and recreational uses.

The Ocala is already a much used forest. Multiple use in the Ocala is approaching the point of multiple abuse.

The point which we need to begin considering now is what we may do to restore the natural fabric of the Ocala forest, not what we can do to further rend it.

There is a grave risk that the energy crisis is being used as a mask for numerous damaging assaults upon the environment. The current threat to the Ocala National Forest is one of those assaults. Therefore, I suggest that the proposal to conduct oil operations in the Ocala be classified as a bad idea, rejected and forgotten.

The energy crisis will not be darkened by such a move, but the burden we place on Florida's esthetic and natural resources will be lightened.

Mr. GURNEY. Mr. President, during these hearings I was able to fully elaborate upon the threat to Florida's vital supply of fresh water posed by the proposed encroaching developmental activity to take place in this area.

The Ocala is the southernmost national forest in this Nation and as we all know, mineral leasing rights are under the jurisdiction of the Department of Interior, while management responsibility rests with the U.S. Forest Service under the Department of Agriculture.

Four years ago the Secretary of Interior, with the consent of the Secretary of Agriculture issued 163 leases covering 95 percent of the forest for oil and gas exploration. When the principal leaseholder applied for permission to drill an exploratory well, I voiced by objections to this in the strongest possible fashion. The public outcry supporting my objection was so great that it led to a U.S. Geological Survey and resulted in an environmental impact statement. However, on July 6, the governing suspension instituted by the Department of Interior will expire and although there is a clear and evident danger to the Florida aquifer, it appears to be the intention of the leaseholders to drill for oil and gas.

Mr. President, I would like to call to the attention of my colleagues, a publication prepared by the Florida Conservation Foundation which fully supports the mandate that all oil and gas leasing in the Ocala National Forest be terminated. I request at this point in time that this publication be printed in the RECORD.

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

THE OCALA OIL GAMBLE

Oil drilling in the Ocala may sacrifice a unique National Forest and contaminate vital underground water supplies. Are we taking this gamble because the oil is vitally needed for essential purposes, or for continuing a frivolous waste of energy on such things as electric hair brushes and elaborate packaging?

THE PEOPLE'S FOREST

The Ocala is the southernmost National Forest in the United States, 672 square miles of which 573 are publicly owned. The balance, 15%, is privately owned, mostly around the edge of the Forest. The responsibility for managing this resource "in the best public interest" lies with the U.S. Forest Service under the Department of Agriculture. Mineral leasing rights, however, are under the jurisdiction of the U.S. Department of the Interior.

In 1969 and 1970 the Secretary of the Interior, with the consent of the Secretary of Agriculture and the Forest Service, issued 163 leases (95% of the Forest) for oil and gas exploration. The Amoco Production Company, which owns 148 of these leases, submitted an application for permission to drill an exploratory well in June of 1971. A public outcry caused operations to be suspended. The suspension was extended twice, ostensibly to allow additional time for the U.S. Geological Survey to complete an environmental impact statement. The last suspension expires on July 6, 1974, and a public hearing on the environmental impact statement was held in Ocala, January 8–9, 1974, to clear the way for permission to begin drilling. (Suspicion exists that the hearing was delayed and timed to coincide with public concern over the energy crisis).

THE CONTROVERSY

The controversy over oil drilling in the Ocala National Forest reflects the basic schism which exists between energy-promoters and energy-conservers regarding the true nature of the present crisis and its implications for our social system. The depth of this controversy is vividly illustrated by statements attributed to participants in the confrontation.

John D. Meyers, District Geologist, Placid Oil Company: "We can no longer afford the luxury of retaining this oil and gas in the ground. The energy crisis is now not sometime in the remote future. The oil industry is ready, able and willing to protect the environment and provide the energy needs for our country but we cannot do this without drilling wells. The Ocala National Forest, in all probability, will not contain commercial hydrocarbons, but the only way to find out is to drill. Let's find out."

Senator Edward Gurney, R-Winter Park: "There is a grave risk that the energy crisis is being used as a mask for numerous damaging assaults upon the environment. The current threat to the Ocala National Forest is one of those assaults." Senator Gurney termed drilling in the Forest as an "unthinkable abuse."

Environmental Science and Engineering, Inc., in a report prepared for the Amoco Production Company: "The most serious potential threat of the proposed drilling operation is contamination of fresh water aquifers by hydrocarbons, brine, drilling fluids, chemicals, or by those pollutants which would move vertically within the geologic section.

"The technology of the petroleum industry in general, and of Amoco Production Company in particular, is such that poor operation, groundwater contamination, and major accidents can be avoided."

Lyman E. Rogers, Chairman, Florida Coalition to Protect the Ocala National Forest: "We can get the oil that America needs somewhere else but we cannot get the water Florida needs anywhere else. . . . Technology cannot make a 600 square mile aquifer, 1,200 feet deep."

Mr. Rogers also states, "The 'Ocala Decision' is a showdown between those who would defend the values that our natural world gives to man, and those who for their own reasons believe that our new found technology is capable of allowing exploitation without degradation.'

Wayne A. Blankenship, Jr., Division 'Landman, Amoco Production Company: "Amoco has drilled for and produced oil and gas in and around environmentally sensitive areas in the southeastern United States and the Gulf of Mexico for the past 35 years. For instance, Amoco has carried on drilling and producing operations in and near ecologically important areas like the Rockefeller Wildlife Refuge and Game Preserve and the Russell Sage or Marsh Island Wildlife Refuge and Game Preserve in Southern Louisiana without adverse impact on the environment."

Max Blumer, Woods Hole Oceanographic Institution, writing in "Environmental Affairs:" "Oil pollution is the almost inevitable consequence of our dependence on an oil-based technology. The use of a natural resource without losses is nearly impossible and environmental pollution occurs through intentional disposal or through inadvertent losses in production, transportation, refining and use.'

John Holdren, Physicist, University of California Lawrence Livermore Laboratory and Philip Herrera, Environmental Editor, Time, in their book "Energy:" "No means of supplying energy is without liabilities, and no form of consumption is without consequence to the ecosystems that support us."

The authors go on to say, "The energy industries have tended to regard forecasts as inevitable and, indeed, desirable. They view the energy crisis as the problem of mobilizing technology and resources quickly enough to achieve the forecasted levels; to them, the growing opposition of environ-

mentalists to their efforts is part of the crisis.'

Brant Calkin, Sierra Club: "We have attacked our power needs with all the enthusiasm of the woodchopper who doesn't have time to sharpen his axe. We must take time to define the point of diminishing returns in energy growth and we must do it now."

Gene Morrell, United States Department of Interior, Office of Oil and Gas: "Right now (October, 1972), the United States is like a jet plane traveling through the atmosphere with its tanks one-fourth empty. On board is the American consumer with his aspirations for a cleaner environment, rebuilding inner cities, a vacation cabin, two cars, and a modern home built with all those wonderful conveniences his nation's high productivity has made available for him.

"He sits comfortable with his aspirations. But when the fuel gauge indicates the plane may not have enough fuel to reach its destination, the passenger scoffs and says the guage doesn't work or thinks the whole thing is a hoax."

M. King Hubbert, U. S. Geological Survey, in "Energy, Resources and Power Production:" "The eposide of industrial exponential growth can only be a transitory epoch of about three centuries duration in the totality of human history. . . . Although the forthcoming period poses no insuperable physical or biological difficulties, it can hardly fail to force a major revision of those aspects of our current economic and social thinking, which stem from the assumption that the growth rates that have characterized this temporary period can somehow be made permanent."

Malcolm F. Baldwin, Conservation Foundation, writing in the Ecology Law Quarterly: "The oil policy of the United States has not reflected the ecological ramifications of oil production and consumption. Furthermore, the governmental decision-makers do not presently have sufficient information to make sound environmental policies concerning oil."

Howard T. Odum, Environmental Engineering Sciences, University of Florida, Gainesville: "The countries that hold back their richer reserves while others are spending their last reserves end up with more relative power in military and economic affairs. The recent actions to use our reserves of fuel and other energy costing and amplifying strategic reserves for business as usual is bordering on treasonous and yet was adopted by an ignorant Congres."

Malcolm Baldwin, Conservation Foundation: "The decision (of the oil interests) to challenge the state (authority) buttresses the simple point that industry, guided by the profit motive, cannot be the arbiter of social welfare. . . . The enterprise of the oil industry is checked by the federal government only after a problem develops. Federal regulation of spills, tankers, offshore platforms and port and refinery construction are after the fact—after investment and after social choices have been made for us in terms of what the industry and government believe to be the public interests."

ENFO believes that a definition of "the public interest" is the crux of the conflict, not only in the Ocala Forest, but in all matters of the environment vs oil production. An examination of the Ocala oil drilling problems indicate that the project is a dangerous gamble with known resources for highly questionable purposes.

THE OCALA PLAN

A ten-year management plan for the Forest was prepared by Robert A. Entzminger, Forest Supervisor, in 1971, after an extensive series of "listening sessions" and public hearings to determine what the citizens of Florida desired from forest management. The plan was widely commended as truly representative of what the citizens wished the federal agencies to do with their property. The plan recognized that the primary value of the Forest was as a recreation area in a wild and natural setting. This reflected by the fact that the Forest is one of the oldest and most heavily used National Forests in the Eastern United States, with over two million visitor-days of recreation use each year. The economic value as a tourist attraction is indicated by the fact that tourism brings Florida an estimated five billion dollars a year. It is so vital to the state' economy that Governor Askew appealed to the Federal Energy Office for special consideration in gasoline allotments to support Florida's tourist industry.

The basic points of Mr. Entzminger's Forest plan were:

Manage the Ocala in a natural condition to furnish more dispersed recreation opportunities which provide a quality experience;

Protect the environment and provide facilities which do not detract from the forest setting;

Stop current timber management practices;

Institute strict controls over hunting to increase safety and decrease the illegal take of deer;

Decrease "road pollution" and restrict vehicle access to designated roads;

Regulate or curtail special uses of National Forest land. Acquire private lands inside the Forest boundary; and

The policy set forth in the Ocala Forest plan was, "Permit only special uses which contribute to the general public interest and are compatible with the management objectives. . . . When gas and oil leases are ready for renewal, investigate each lease to determine compatibility with unit objectives and policies."

The interpretation of Mr. Entzminger and the people of Florida as to "the best public interest" in management of the Ocala Forest did not jibe with those of federal bureaucrats and special interests. Leasing 95% of the Forest for oil and gas drilling certainly could not qualify as "compatible with unit objectives and policies." Also, the recommendations to "stop current timber management practices," "decrease road pollution," and "acquire private lands inside the Forest" were looked upon as, carrying the interests of the public much too far.

Mr. Entzminger was transferred out of the region and the Environmental Impact Statement said, ". . . There is no basis for attempting to evaluate overall impacts of oil and gas operations on aesthetic values, or the possible effects of such impacts on total public use of the Forest, for whatever recreational purpose" (emphasis added).

Recreation opportunities in the Forest include picnicking, camping, swimming, boating, fishing, hiking and hunting, and millions of Amercans look to the Ocala as an escape from the pressures and tensions of modern technological society. Yet, according to the criteria used in the impact statement, this is not worth an attempted evaluation. Presumably officials consider camping, picnicking and swimming in the vicinity of an oil well just as pleasant as in a natural setting. How else can we justify drilling in the Forest as compatible with a stated policy of "maintaining and protecting a natural environment?"

THE FOREST'S NATURAL VALUES

The sand pine ecosystem called Big Scrub

This system dominates 50% of the Forest. Ariel E. Lugo, a biologist at the University of Florida, stated "The Big Scrub is unique in the world. . . . Fire is the major environmental factor in maintaining the scrub community and switching off the development of the successional species. When fire is removed, these species will become increasingly dominant and will eventually replace it. . . . Fire serves as a stimulus for germination of seeds which require heat for germination to occur and also stimulates photosynthesis by providing ash 'fertilizer'."

The problem is not discussed in the environmental impact statement but it appears that forest fires which maintain the Big Scrub will be incompatible with petroleum production.

The deer herds and hunting

The Ocala is one of the most popular hunting areas in Florida. The impact statement mentions that hunting will be "curtailed" in the vicinity of drilling and production operations. If oil is discovered, wells will be placed on 80-acre spacing and connected by access roads. The "curtailment" of hunting under such conditions doesn't need much imagination.

Wetlands

The Forest includes swampy areas, ridges, springs and runs, and over 600 lakes and ponds of various sizes. There are only 75 first magnitude springs (64.6 mdg) in the United States, 17 are in Florida and the only one in the Forest owned by the public is Alexander Springs. Silver Glen, also a first magnitude spring in the Forest, is privately owned. In addition, four of Florida's seven publically owned second magnitude springs are in the Ocala. Their value for water-oriented recreation and as a habitat for aquatic life are well-known. Other wetlands are vital for recharging parts of the Floridan Aquifer upon which the state depends for virtually all of its fresh water.

The best public interest for wetlands use was demonstrated by an overwhelming vote in favor of a referendum on a $200 million bond issue to protect environmentally sensitive lands, which would favor wetlands and recharge areas. The Ocala Forest is already owned by the people and permission to drill for oil in this area appears to be in conflict with the public interest expressed by the voters in protecting such areas.

Rare and endangered species

The rare and endangered species listed as inhabiting the Forest are shortnose sturgeon, American alligator, southern bald eagle, American osprey, Southern red-cockaded woodpecker, Florida sandhill crane, wood ibis, short-tail hawk, Florida manatee, Florida panther, Florida water rat, Kirtland's warbler, and the peregrine falcon. The comments of Pat Dunn, Assistant Attorney General, speaking at the Ocala public hearing, expresses the public interest in protecting these species. Ms. Dunn stated, "By property, I mean not only lands, but the valuable resources below those lands—such as mined resources and fresh water supplies. I also mean wildlife—always the State's property—and in this instance the Florida panther, the bald eagle, the manatee—all endangered species, living jewels more rare and therefore more valuable than diamonds."

The Floridan Aquifer

The major public concern is possible contamination of the aquifer from drilling and oil producing operations. The Ocala limestone underlies the entire area of the Forest and this geologic unit forms the principal member of the Floridan Aquifer, from which most of the state's drinking water supplies are drawn. The Forest is a vital recharge area for the aquifer.

Many areas of Florida are already facing critical water supply problems, largely due to excessive drainage and development of recharge areas which lower the underground water table. Dr. Martin Mifiin, professor of geohydrology at the University of Florida stated, "Considering the nature of peninsula Florida's increasing water demands and the fact that virtually 100% of the water supply is drawn from the aquifer and considering the damage already done to the

aquifer system . . . it becomes even more important to retain all the remaining viable recharge areas in their natural undeveloped state so that they can continue to do their part in providing us with adequate and safe water supply."

The Floridan acquifer also provides the flow of crystal clear water which makes such springs as Alexander, Juniper, Silver Glen and Salt Springs unique and important tourist attractions. Underground water from the Forest also discharges into the St. Johns River, Lake George and some into the Oklawaha River, as well as the myriad of ponds, lakes and streams which make the Forest and its wetlands the most heavily used National Forest in the eastern United States.

The environmental statement reports, "The ultimate extent of environmental impact of oil and gas activities in the Ocala National Forest will depend on the magnitude, location, and the manner in which operations are conducted. Prior to commencement of such operations, *such impact may be anticipated only with uncertainty*" (emphasis added).

It also states, "Careful analysis of the potential impacting actions and the potentially impacted environmental elements . . . indicates an extremely broad range of potential adverse impact in both the long-term and short-term view. In either view, the possibility of an escape of hydrocarbons, either on the land surface or in the subsurface, poses the greatest potential for adverse ecological impact."

The environmental statement goes on to say that oil spills in aquatic or semi-aquatic habitats would be far more serious than on land, that containment and clean-up in most of the waters of the Ocala would be "difficult at best because of the extensive occurrence of marshy and heavily vegetated shorelines."

The impact statement admits that data on the geologic and hydrologic conditions of the aquifer of the Forest are relatively scarce, but states, "The conditions to be encountered there can be anticipated with confidence." It goes on to say, "The possibility of significant adverse impacts does exist, and although considered remote, they are discussed. . . ."

Petroleum toxicity

The impact statement stresses repeatedly that damage from oil spills, if they occur, would be temporary. Max Blumer of Woods Hole Oceanographic Institution who made extensive and detailed studies on the effects of oil spills off Massachusetts, states, "Hydrocarbons from a relatively small and restricted oil spill in the coastal waters of Massachusetts, U.S.A., have spread, nine months after the accident to an area occupying 5,000 acres offshore and 500 acres in tidal rivers and marshes. The effect on natural populations in this area has been catastrophic. The full extent of the coverage of the ocean bottom by petroleum hydrocarbons is unknown; chemical analyses are scarce or nonexistent."

Blumer states that all studies which report short-term effects of oil spills on marine ecosystems are solely the result of *visual* investigations, not chemical analysis of sediments and organisms. He states that *all* crude oils and all fractions except highly purified and pure materials are poisonous to all marine organisms. Many are acute poisons for man, and we know that chemicals responsible for cancer in animals and man occur in petroleum. Blumer states, "Hydrocarbons are among the most persistent organic chemicals in the marine environment." He says they are retained by organisms for long time periods, *if not for life*, and are passed up through the food web to humans.

The environmental statement claims that pipe lines buried in porous sands or beneath the water table could possibly leak and oil could penetrate the aquifer. In this case it claims the oil would form a "bubble" on the subsurface and could prevent percolation and recharge. Blumer, however, states, "Many of the toxic petroleum hydrocarbons are also water soluble. Water treatment plants, especially those using distillation, may transfer or concentrate the steam-volatile toxic hydrocarbons into refined water streams, especially if dissolved hydrocarbons are present in the feed streams or if particulate oil finds its way into the plant intake."

The environmental statement claims that although the possibility of oil penetrating the aquifer is remote, "Even a few such droplets could produce a visible oil film on the surface of a container of water, and impart an undesirable taste and odor to the water at very low concentration. Flushing this contaminant from the aquifer would require months or years. . . ."

PREVENTIVE TECHNOLOGY

The petroleum companies, the environmental statement, and all supporters of oil drilling in the Ocala Forest rely entirely on the technology of Amoco Production Company and its expertise at operating in environmentally sensitive areas to prevent contamination of the aquifer. The primary systems stressed as capable of preventing serious contamination are a blowout preventer which would automatically seal the well if excess pressures are encountered, and a string of production casings extended from the surface down through the critical areas. A cement slurry is circulated through the casings and back to the surface to insure that the entire length of pipe is bonded to surface strata. The shallow fresh water zone would be protected by two strings of casings and the ground water near the surface by three strings, bonded by two layers of cement.

Robert O. Pruyn, staff engineer for Amoco, states, "Drilling through shallow fresh water sands is not new to Amoco. In West Texas where we are a major operator there is a shallow fresh water formation known as the Ogalala. This formation is a very prolific water sand, occurring at depths as shallow as 200 feet. The sand provides fresh water for irrigation throughout West Texas and also provides drinking water for numerous towns and cities. . . . Literally thousands of wells have been successfully drilled through these formations."

The aquifer beneath the Forest, however, is limestone, not sand. The rock is fractured, similar to a boulder that has been hit with a sledghammer, and water circulates along solution channels eroded along these fractures. As a result the Floridan aquifer supports the most extensive maze of water-filled tunnels, caves and caverns in the world. Divers penetrating these caverns from surface openings have followed huge tunnels for almost 2,000 feet without reaching the end and they have explored caverns large enough to house a modern three story building. Many of these fracture zones are so extensive and complex they have as many fissures as a rock jetty.

The extent and location of such caves and caverns in the aquifer beneath the Forest is unknown. The impact statement, however, says, "Should open caverns or fissures be penetrated by a well, it is possible that part or all of the drilling mud in the well bore could be lost into such very permeable zones."

Dr. Edward T. LaRoe, a marine biologist, in discussing oil drilling in The Big Cypress, stated, "The caustic muds, which are released with drill tailings or cuttings, and the strong solvents and detergents used to keep the rigs clean would be particular problems."

Not discussed in the impact statement is the effect of attempting to recirculate cement around casings if the well penetrated a huge cavern or tunnel system.

Also not discussed in the statement is the potential effect of cave-ins or subsidence and the formation of sink holes, which are common in Florida. Sink holes are formed when the earth's crust caves into an underground chamber, which is usually connected to the aquifer. It seems obvious that the formation of sink holes present the possibility of a rupture of pipelines, and even well casings, and potential ground water contamination.

CONCLUSIONS

ENFO agrees with the comment of J. Barry Nittan, research assistant at Florida Department of Health and Rehabilitative Services, "Although Amoco proposes several safeguards against the disruption of the aquifer, a concern for the public health of Florida's population prompts the Bureau of Comprehensive Health Planning to question the adequacy of the EIS in this vital area."

We also agree with Attorney General Robert L. Shevin in this statement, "Further study of the long-term effects that present drilling methods would have on the Floridan aquifer is imperative to complete this statement. I, therefore, recommend to the Secretary that operations be suspended until that study is made and evaluated.

"The historical, natural and aesthetic qualities solely belonging to the Ocala National Forest are, in most part, a result of the non-renewable resources of that area. The consumption or destruction of these resources would permanently alter those qualities. I, therefore, recommend to the Secretary and to the Congress that National Forests of such unique nature as the Ocala either be closed to mineral explorations and operations or be preserved as the last resort for those resources."

The Secretary of the Interior claims that, although the law gives him authority to grant oil and gas leases, he does not have the legal authority to cancel them once they are granted. He states that leases can be acquired to preserve wildlife or other purposes, "in the public interests," but that an equal area must be granted in exchange.

This law could be changed by the Congress. If this does not prove possible, then ENFO agrees with the statement of Attorney General Shevin that, "The lessee should be held absolutely liable for all harm done to the State of Florida by the existence and activities of his operations. A greater standard of care other than mere reasonable steps should be required of the lessee."

A positive test of Amoco's confident statements that oil drilling and production in the Forest will not damage the environment or contaminate the aquifer is to demand that the company accept full financial responsibility for its actions. As one insurance executive succinctly put it. "If it isn't insurable, it isn't safe."

It is unreasonable to ask the people of America to accept the risk solely on the oil company's word that "everything will be all right." If Amoco is not willing to support their convictions by accepting the financial gamble, the people of Florida certainly should not be asked to subsidize the oil company's operation by accepting the environmental gamble.

Also, any oil that may exist in the Ocala belongs to all the people of the United States and should be utilized in their best interests, not solely for the benefit of Amoco stockholders. ENFO suggests that the best interests of the people may be served by leaving this oil in the ground until a long-range federal energy policy assures us that it is essential for necessity-oriented uses and not to be wasted on more of the frivolous uses which have helped create the present crisis.

Mr. GURNEY. Mr. President, I hope my colleagues realize the importance of immediate consideration of this proposal, as every day that is allowed to go by will be a day closer to the destruction of this precious and valuable natural resource.

Mr. President, I ask unanimous consent that at the conclusion of my remarks the bill I am introducing today be printed in the RECORD.

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

S. 3194

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) all oil and gas and other mineral leases entered into by the United States under the Mineral Lands Leasing Act (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351 et seq.), or any other applicable law, with respect to any land located in the Ocala National Forest, in the State of Florida, shall be terminated as of the date of enactment of this Act. Notwithstanding any other provision of law, on and after such date of enactment, no oil and gas or any other mineral lease shall be entered into by the United States with respect to any such land.

(b) The Secretary of the Interior is authorized and directed to take whatever action he deems necessary to assure that all activities carried out under any lease terminated by this Act cease immediately upon the termination of such lease.

SEC. 2. (a) The United States District Court for the Middle District of Florida shall have exclusive jurisdiction to hear and decide any action brought to determine the amount of just compensation to which any holder of a lease terminated by this Act is entitled on account of such termination.

(b) The Secretary of the Treasury is authorized to pay the amount of any compensation determined to be just compensation according to the terms of subsection (a). Of the amount of the just compensation so determined, no part of each of the amounts authorized to be appropriated by the preceding sentence in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with each claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

By Mr. BENTSEN:

S. 3195. A bill to amend title VII of the Older Americans Act relating to the nutrition program for the elderly to provide authorization of appropriations, and for other purposes. Referred to the Committee on Labor and Public Welfare.

NUTRITION PROGRAM FOR THE ELDERLY

Mr. BENTSEN. Mr. President, yesterday the House of Representatives by a vote of 380 to 6 passed a 3-year extension of the nutrition program for the elderly under title VII of the Older Americans Act. The size of the vote indicates the broad-based support this program has received since it was initially implemented.

I am today introducing comparable legislation in the Senate.

The need for nourishing meals for older Americans has been amply documented by the White House Conference on Aging, the White House Conference on Food, Nutrition, and Health, and by the Senate Select Committee on Nutrition and Human Needs.

Older Americans frequently have difficulty in obtaining an adequate diet. The problems in providing balanced and nourishing meals have a number of root causes, including inadequate income, an absence of skills to choose and prepare well-balanced meals, limited mobility to purchase the necessary foods, or simply an absence of incentive to eat properly because of feelings of loneliness and rejection.

Whatever the cause, malnutrition among older Americans constitutes one of our most serious social problems, one that requires the special attention that this legislation affords it.

The problem has been aggravated in recent months by spiraling inflation that has cut deeply into the food budget of the elderly American living on a fixed income. In 1973, food prices were up 22 percent on average over 1972. Moreover, the combination of rising food costs and declining real wages resulted in sharply reduced consumption.

A Department of Agriculture economist wrote several years ago that—

If prices go up and our income remains the same, we tend to buy 2 to 3 percent less food with each 10 percent change in price.

Through November of last year, average real income in 1973 declined 3.3 percent over the previous year, considering the rate of inflation.

Between the fourth quarter of 1972 and the third quarter of 1973, per capita consumption of meat was down 13.7 percent; poultry, 18.6 percent; eggs, 6.9 percent; and total livestock-related goods, 8.6 percent.

To the low-income older American, this combination of rising prices and declining wages works a special hardship, and it lends new urgency to the need for this legislation.

Presently, more than 80,000 meals are being served each day under this program to Americans aged 60 and over throughout the country. Estimates are that this figure will increase to approximately 212,000 meals per day by the end of this fiscal year.

With this bill, we would hope to increase that number substantially over the next 3 years.

In addition to the nutritive value of the meals, the program allows older Americans to receive the food at strategically located centers, such as senior citizens homes, schools, and community centers in a social atmosphere that can help overcome some of the isolation so prevalent among the elderly. Indeed, the social benefits of the program are as significant as the nutritional ones, and I urge the administrators not to overlook their importance when administering the program.

I am confident that this measure will be swiftly passed by the Senate and sent to the President for his signature. It is a compassionate and effective program, which deserves our support.

At this point, I ask unanimous consent to insert the text of my bill in the RECORD.

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

S. 3195

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 708 of the Older Americans Act is amended by striking out the word "and" before $150,000,000" and by inserting before the period a comma and the following: "150,000,000 for the fiscal year ending June 30, 1975, $175,000,000 for the fiscal year ending June 30, 1976, and $200,000, for the fiscal year ending June 30, 1977."

By Mr. JACKSON:

S. 3197. A bill to direct the Comptroller General of the United States to conduct a study of the reporting requirements of Federal agencies on independent business establishments, and for other purposes. Referred to the Committee on Government Operations.

FEDERAL REPORTING REVIEW ACT

Mr. JACKSON. Mr. President, today I am introducing legislation to provide for a comprehensive study by the General Accounting Office of the paperwork burden imposed upon business by Federal law and by reports and questionnaires required by Federal agencies. This study would be designed to review all reporting and other informational requirements currently imposed by Federal agencies to determine the extent to which such requirements are outmoded, duplicative, unnecessary or unduly burdensome to small business establishments The product of this study would be a specific proposal by the GAO on what actions, if any, the Congress and the executive branch can and should take to effectively deal with this problem on a permanent basis.

The problem of striking an appropriate balance between the public's and the Government's balance between the public's and the Government's "right to know" and the right of private enterprise to be free from unnecessary informational fishing expeditions is a perennial and growing source of frustration and irritation for legitimate businessmen. Small business is particularly hard hit by the added overhead of complex and time consuming reporting requirements.

While small businessmen complain that Federal tax, regulatory, statistical, and other reporting requirements have steadily increased, there has been no recent effort by the Federal Government to modernize data collection procedures and to consolidate, coordinate, and streamline them on a Government-wide basis.

Mr. President, there is an apparent need to enhance cooperation between agencies that collect data to share information, to simplify the questionnaires and forms, to devise common data formats, and to utilize improved collection methods such as interagency piggybacking of reporting requirements. There is a need to improve the crazy-quilt patchwork of reporting requirements that now exists in many agencies, and to undertake a real effort to rationalize the various parts of the system.

Mr. President, data collection has a substantive side and a procedural side. Judgments as to what information is needed by Federal agencies in order to effectively enforce or implement the laws are a substantive matter. Only the enforcing or implementing agency is authorized by law to decide this question. On the other hand, the manner in which

this information is collected, information sharing between and among separate agencies seeking similar data, coordination among agencies to develop similar data formats, and other such questions are in many respects, procedural in nature. It is in the procedural area that an opportunity exists to relieve a great deal of unnecessary paperwork burdens, and it is in this area that the GAO study I am suggesting would focus. The GAO would investigate how Federal reporting requirements can be reformed to lessen the burden on small business consistent with the authority of the agencies to develop the information base they need to effectively enforce or implement the law. These recommendations would be submitted to the Congress for review and, where appropriate for legislative consideration.

The Congress attempted to legislate a solution to this problem over 30 years ago when it passed the Federal Reports Act of 1942. That statute provided authority for the Director of the Bureau of the Budget—now the Office of Management and Budget—to set up a centralized and well equipped office to monitor federal information gathering procedures governmentwide, and to review, integrate and simplify Government data collection activities.

The Federal Reports Act was, in many respects, adopted with laudable objectives in mind, but it has not worked out in practice. Despite congressional prodding, OMB has for over 30 years failed to take seriously its responsibility for rationalizing reporting procedures. I have been and am persuaded that OMB is not the proper place for this responsibility to be exercised.

Currently, there are approximately 6,000 public use forms in use excluding Internal Revenue Service forms. The IRS has another 3,000 or so forms currently in use. The study I am suggesting would go through these forms one by one and suggest the specific changes that are needed. This is a massive and onerous task. Realtistically, however, it is the only way in which real reforms can be affected.

Last year, I coauthored an amendment to transfer to the GAO from OMB authority to administer the Federal Reports Act with regard to the independent regulatory agencies. GAO is now in the process of setting up the mechanism to do this. For this and other reasons, the GAO is ideally situated to conduct the study I am proposing. Indeed, it is my understanding that a pilot study is currently underway by GAO of the Department of Labor's 283 public use forms. I approve of this pilot survey; however, I believe it should be broadened. This study represents only a fragment of the total solution to the paperwork burden. Ultimately, the job of going through the rest of the forms must be done. I see no reason for postponing this task if there is any chance it will impose burdens on small businessmen who need a solution to their paperwork problems now, without yielding benefits of equal value to the federal agencies in the exercise of their important responsibilities in implementing and administering the provisions of Federal law.

By Mr. CLARK (for himself, Mr. Moss, and Mr. PERCY):

S. 3198. A bill to amend title XVIII of the Social Security Act to require skilled nursing facilities under the medicare program and the medicaid program to provide medical social services. Referred to the Committee on Finance.

EMOTIONAL AND SOCIAL NEEDS OF NURSING HOME PATIENTS

Mr. CLARK. Mr. President, I am introducing legislation on behalf of myself, the Senator from Utah (Mr. Moss) and the Senator from Illinois (Mr. PERCY) to require that skilled nursing homes provide medical social services to qualify for participation in the medicare and medicaid programs. This is a companion bill to a measure introduced in the House of Representatives by Congressman BURKE of Massachusetts.

Before 1973 the Department of Health, Education, and Welfare required skilled nursing facilities to provide medical social services. But H.R. 1, the Social Security Act—Public Law 92-603—changed that. Attempting to cut health care costs, Congress included in the bill a provision prohibiting HEW from requiring these vital services. The legislation we are introducing today would reinstate this requirement.

Information from around the country has shown that nursing home patients cannot be adequately cared for without medical social services. Medical and nursing care alone are not enough.

Medical social services are needed to help patients adjust to institutional life, to reduce feelings of isolation and depression, common among the chronically ill. These services include preadmission and discharge planning, personal and social restorative services, and community source development. In short, they allow nursing home patients to live a more normal life within the institution and help some patients return to the community.

Studies have shown that the absence of social services impairs the effectiveness of medical and nursing care. An Ohio study reports that without social services, more patients are tied to beds or given a heavier dose of medication. This may cause skilled care institutions to become little more than "warehouses for the dying." Last year, the Maryland Governor's Commission on Nursing Homes found that "the most glaring deficiency found in nursing homes is the lack of social work services" and, the nursing home ombudsman program of the National Council of Senior Citizens in Michigan reports that the lack of social services is among the most common complaints of nursing home patients.

Some nursing homes have attempted to use volunteers to replace trained social service workers. But while these volunteers have provided some help, specialized training is still needed. It is indispensable. Nursing staffs have not been able to provide medical social services because they do not have the time or the training for it.

The lack of qualified personnel to deal with these problems is only made worse by the fact that so many nursing home patients do not have visitors to provide them with outside contact and access to community services. A study in Michigan reported that one out of every three nursing home patients had no visitors at all. Many others receive only one or two visits a month.

As I have visited nursing homes around Iowa, one point which has been brought to my attention over and over again is the need of nursing home patients for more than just physical care. They need attention paid to their emotional and personal needs as well. And only trained personnel can provide this kind of service in an institutional setting.

The Department of Health, Education, and Welfare has demonstrated its concern by encouraging nursing homes to provide medical social services, even though the law now forbids the Department from requiring them. This legislation would require nursing homes to offer medical social services as a condition of participation in the medicare and medicaid programs.

Mr. President, as expert testimony before the Senate Special Committee on Aging's Subcommittee on Long Term Care has so ably indicated, medical social services are essential if we are to provide adequate care for this Nation's skilled nursing home patients. It is an obligation that we can and must meet.

By Mr. MONDALE (for himself, Mr. HART, Mr. BROOKE, Mr. JOHNSTON, Mr. HUMPHREY, Mr. EAGLETON, Mr. KENNEDY, Mr. HATHAWAY, and Mr. ABOUREZK):

S. 3200. A bill to provide emergency relief with respect to home mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes who are unable to amortize their debt elsewhere, and for other purposes. Referred to the Committee on Banking, Housing and Urban Affairs.

Mr. MONDALE. Mr. President, I am today introducing legislation which attempts to anticipate a possible tragedy for thousands of Americans and, most importantly, to avoid it. I am talking of the heartbreak of losing one's home. And, for literally thousands of Americans, that heartbreak may become a reality over the next several months. As the rate of inflation continues to rise, unemployment continues to increase, and the energy crisis takes its toll in both prices and jobs, many Americans may find it increasingly difficult, and eventually impossible, to meet home mortgage payments. For these unfortunate citizens, a major investment—quite possibly the largest investment of their lifetime—will vanish, and their shelter will be suddenly gone.

So that the Federal Government in anticipation of this possibility, may be ready to cope with this tragedy and aid those families faced with mortgage foreclosure, I am today introducing standby legislation which would reactivate the Home Owners' Loan Corporation. The legislation is designed to become operative only when the foreclosure situation reaches crisis proportions and provides real help to those American families faced with the loss of their homes.

THE ORIGINAL HOMEOWNERS' LOAN CORPORATION

During 1932 and 1933, this Nation experienced a period of high unemployment. At the same time, the public exhibited a serious lack of confidence in existing property values. As a result of these two forces, the annual rate of real property foreclosures climbed to nearly 250,000. Most of the foreclosed properties were owner-occupied homes. And, surely, the foreclosures resulted from the inability of families, with the head of the household unemployed, to meet mortgage payments.

The foreclosures obviously exacerbated the economic hardships of the affected families. In addition, they had a domino effect by collapsing real estate values and making lenders reluctant to finance new housing. The resultant inactivity in the construction industry further contributed to the depression of the entire economy.

Against this background, Congress enacted the Home Owners Loan Act of 1933. It directed the members of the Federal Home Loan Bank Board to establish the Home Owners' Loan Corporation and to serve as the Board of Directors of the HOLC. The HOLC represented an attempt to counteract mortgage foreclosures by allowing the HOLC to purchase mortgages from private lending institutions and to refinance the mortgages of homeowners faced with foreclosure because of temporary financial hardship.

The HOLC was authorized to issue stock of up to $200 million and up to $2 billion in bonds. The bonds had the full faith and credit of the United States behind them, were tax-exempt, and were to bear interest at a rate of 4 percent or less.

The HOLC was authorized to exchange its bonds for home mortgages and other liens—such as tax liens—secured by real estate. A $14,000 limitation—or 80 percent of the value of the property—was placed on the mortgage or lien to be refinanced. The HOLC could rewrite the mortgage loan balance to be amortized over a 15-year period and could grant such extensions of time for payment as might prove necessary. The maximum interest rate on the refinanced mortgage would be 5 percent, which was significantly lower than the prevailing rate. The HOLC could also make cash loans to homeowners with debt-free homes who were faced with financial difficulties and possible loss of the home. Such loans could not exceed 50 percent of the appraised value of the property and bore an interest rate of 6 percent or less.

The Home Owners' Loan Corporation was established in June of 1933 and eventually liquidated in March of 1951. It made, or acquired and refinanced about 1,016,000 mortgage loans; most during the first 3 years of its existence. The original aggregate amount of these loans totalled $3,093 billion. Only about 19 percent of the original loans ended in foreclosure. In the process of its operations, the HOLC helped about 800,000 homeowners save their homes. It also helped innumerable lending institutions from whom it acquired mortgages By stemming the tide of foreclosures, it was also influential in stabilizing property values and in restoring the necessary confidence which led to an upturn in residential construction.

THE NEED FOR THE HOLC TODAY

During the fourth quarter of 1973, the economy grew at a rate of only 1.3 percent. The unemployment rate is over 5 percent, and leading economists are predicting a rise in unemployment to 7 percent. The energy crisis is estimated to have displaced more than 200,000 workers already, and more energy-crisis unemployment can be anticipated as the automobile manufacturing industry, the plastics industry, and the construction industry feel the effects of the energy shortage.

Against the backdrop of high unemployment, we find a situation where, for millions of American homeowning families, mortgage payments are high in relation to income and savings. This predicament is particularly acute for young workers who acquired their homes in recent years at high prices with mortgage interest rates high. Unemployment rates among this group will be even higher than the national average, and their savings are frequently too small to permit them to meet mortgage payments over any extended period of unemployment.

There are also millions of elderly American homeowners who, although their homes may be debt-free, will find it extremely difficult to meet the cost of property taxes during a period of inflationary living costs. Their fixed incomes will simply be squeezed too far. Many will lose their homes to tax liens.

For millions of homeowners of all ages, the equity invested in their homes represent their greatest asset. Furthermore, almost all would have to pay more for housing in today's inflated market, if they were forced to live elsewhere. When the cruel arm of unemployment reaches into their homes, literally millions of Americans will find their shelter seriously threatened. They will have nowhere to turn, and nowhere to hide. Although many mortgages are insured, they are insured to protect the lender-mortgagee against loss, not usually the homeowner-mortgagor.

There are between 30 and 35 million owner-occupied, one-to-four family homes in this country. More than 20 million of these homes are subject to outstanding mortgages. According to a quarterly index published by the Federal Home Loan Bank Board, the mortgage foreclosure rate on all properties for the first three-quarters of 1973 was about four-tenths of 1 percent. But, the mortgage delinquency rate on one-to-four family properties—the most accurate measure of potential mortgage foreclosures on this class of properties—was 4.26 percent at the close of the third quarter of 1973 and rose to 4.7 percent—the highest rate in 20 years—at the close of 1973. In addition, seriously delinquent loans—those with two or more payments past due—rose to a record high of 1.26 percent at the end of the third quarter. We are already seeing a trend—an ominous trend toward mortgage foreclosure on a widespread basis for one-to-four family dwellings.

When the mortgage foreclosure rate on all properties reaches a level of five-tenths of 1 percent, it is estimated that the rate of foreclosures on one-to-four family properties would be approximately 100,000 per year—surely a critical situation. When and if such a situation occurs—and we have every reason to believe that it might—we should be prepared to help those families who face the possibility of a loss of their home.

A NEW HOLC

Mr. President, I am today introducing legislation designed to help these homeowners who face the possibility of the loss of their homes during a serious economic downturn. The bill establishes a new Home Owners' Loan Corporation; to come into being when and if the Federal Home Loan Bank Board Index reaches the critical five-tenths of 1 percent level. The board of directors of the corporation will be members of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs. The corporation will be empowered to issue stock and bonds at levels sufficient to serve its needs.

The Corporation will be empowered to acquire, in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate. It is limited to one-to-four family properties of a value of $40,000 or less. The Corporation may refinance the mortgage over a 30-year period at an interest rate not to exceed 6 percent. In addition, the Corporation may make cash advances, up to 50 percent of the property value, to homeowners whose obligations cannot be secured by the Corporation. Finally, the Corporation may refinance the mortgage over a 30-year period at an interest rate not to exceed 6 percent. In addition, the Corporation may make cash advances, up to 50 percent of the property value, to homeowners whose obligations cannot be secured by the Corporation. Finally, the Corporation will be able to help homeowners redeem homes already lost to foreclosure.

It is important to note that the HOLC will not become operative—and will cost nothing—until we are faced with a national foreclosure crisis. When and if that crisis comes, we will be ready with a mechanism for helping thousands of American families from losing their homes.

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

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

S. 3200

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Home Owners' Loan Act of 1974".

DEFINITIONS

SEC. 2. As used in this Act—

(1) The term "Corporation" means the Home Owners' Loan Corporation created under section 3 of this Act.

(2) The term "home mortgage" means a

first mortgage on real estate in fee simple or on a leasehold under a renewable lease for not less than 99 years upon which there is located a dwelling for not more than four families, which is, or was for at least one month during the preceding year, used by the owner as a principal residence, and which has a value not exceeding $40,000.

(3) The term "first mortgage" includes such classes of first liens as are commonly given to secure advances on real estate under the laws of the State in which the real estate is located, together with the credit instruments, if any, secured thereby.

ESTABLISHMENT AND CAPITALIZATION OF HOME OWNERS' LOAN CORPORATION

SEC. 3. (a) There is established a corporation to be known as the Home Owners' Loan Corporation, which shall be an instrumentality of the United States, which shall have authority to sue and to be sued in any court of competent jurisdiction, Federal or State, and which shall be under such bylaws, rules, and regulations as it may prescribe for the accomplishment of the purposes and intent of this section. The board of directors of the Corporation (hereinafter referred to as the "board") shall consist of the members of the Federal Home Loan Bank Board, the Secretary of Housing and Urban Development, the Secretary of Agriculture, and the Administrator of Veterans' Affairs, all of whom shall serve as such directors without additional compensation.

(b) The board shall determine the minimum amount of capital stock of the Corporation and is authorized to increase such capital stock from time to time in such amounts as may be necessary, but not to exceed in the aggregate $1,000,000,000. Such stock shall be subscribed for by the Secretary of the Treasury on behalf of the United States, and payments for such subscriptions shall be subject to call in whole or in part by the board and shall be made at such time or times as the Secretary of the Treasury deems advisable, and for the purpose of making such payments, the Secretary is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, and the purposes for which securities may be issued under the Second Liberty Bond Act are extended to include such payments. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. The Secretary of the Treasury may sell, upon such terms and conditions and at such price or prices as he shall determine, any of the stock acquired by him under this subsection. All purchases and sales by the Secretary of the Treasury of such stock under this subsection shall be treated as public debt transactions of the United States.

(c) The Corporation is authorized to issue bonds in an aggregate amount not to exceed $10,000,000,000, which may be sold by the Corporation to obtain funds for carrying out the purposes of this section, or exchanged as hereinafter provided. Such bonds shall be issued in such denominations as the board shall prescribe, shall mature within a period of not more than 18 years from the date of their issue, shall bear interest at a rate not to exceed a rate determined by the Secretary of the Treasury taking into account the average yield on outstanding marketable obligations of the United States as of the close of the preceding month, and shall be fully and unconditionally guaranteed as to interest only by the United States, and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the interest on any such bonds, the Secretary of the Treasury shall pay to the Corporation the amount of such interest, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and the Corporation shall pay the amount of such interest to the holders of the bonds. Upon the payment of such interest by the Secretary of the Treasury the amount so paid shall become an obligation to the United States of the Corporation and shall bear interest at the same rate as that borne by the bonds upon which the interest has been so paid. The bonds issued by the Corporation under this subsection shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, capital, reserves and surplus, and its loans and income, shall likewise be exempt from such taxation; except that any real property of the Corporation shall be subject to taxation to the same extent, according to its value, as other real property is taxed.

FUNCTIONS

SEC. 4. (a) The Corporation is authorized, for a period of three years after the date of enactment of this Act, but only during any calendar quarter in which the Federal Home Loan Bank Board determines that the foreclosure rate (stated as an annual percentage rate of all mortgaged structures) exceeds one-half of one per centum, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract) recorded or filed in the proper office or executed prior to the date of the enactment of this Act, and (2) in connection with any such exchange, to make advances in cash to pay the taxes and assessments on the real estate, to provide for necessary maintenance and make necessary repairs, to meet the incidental expenses of the transaction, and to pay such amounts, not exceeding $50, to the holder of the mortgage, obligation, or lien acquired as may be the difference between the face value of the bonds exchanged plus accrued interest thereon and the purchase price of the mortgage, obligation, or lien, except that the aggregate of such advances and payments shall be reduced by an amount determined by the board to be equal to the amount of costs which would have been incurred in foreclosure proceedings in connection with the mortgage, lien, or other obligation. The face value of the bonds so exchanged plus accrued interest thereon and the cash so advanced shall not exceed in any case $40,000. In any case in which the amount of the face value of the bonds exchanged plus accrued interest thereon and the cash advanced is less than the amount the home owner owes with respect to the home mortgage or other obligation or lien so acquired by the Corporation, the Corporation shall credit the difference between such amounts to the home owner and shall reduce the amount owed by the home owner to the Corporation to that extent. Each home mortgage or other obligation or lien so acquired shall be carried as a first lien or refinanced as a home mortgage by the Corporation on the basis of the price paid therefor by the Corporation, and shall be amortized by means of monthly payments sufficient to retire the interest and principal within a period of not to exceed 30 years; but the amortization payments of any home owner may be made quarterly, semiannually, or annually, if in the judgment of the Corporation the situation of the home owner requires it. Interest on the unpaid balance of the obligation of the home owner to the Corporation shall be at a rate not exceeding 6 per centum per annum. The Corporation may at any time grant an extension of time to any home owner for the payment of any installment of principal or interest owed by him to the Corporation if, in the judgment of the Corporation, the circumstances of the home owner and the condition of the security justify such extension, and no payment of any installment of principal shall be required during the period of three years from the date this Act takes effect if the home owner shall not be in default with respect to any other condition or covenant of his mortgage. As used in this subsection, the term "real estate" includes only real estate held in fee simple or on a leasehold under a lease renewable for not less than 99 years, upon which there is located a dwelling for not more than four families used by the owner as a home or held by him as a homestead and having a value not exceeding $40,000. No discrimination shall be made under this Act against any home mortgage by reason of the fact that the real estate securing such mortgage is located in a municipality, county, or taxing district which is in default upon any of its obligations.

(b) The Corporation is further authorized, during any quarter referred to in subsection (a) in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (a) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 per centum of the value of the property for the purposes specified in such subsection (a). Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at a rate of interest which shall be uniform throughout the United States, but which in no event shall exceed a rate of 6 per centum per annum, and shall be subject to the same provisions with respect to amortization and extensions as are applicable in cases of obligations refinanced under subsection (a) of this section.

(c) The Corporation is further authorized, during any quarter referred to in subsection (a), to exchange bonds and to advance cash, subject to the limitations provided in subsection (a) of this section, to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust or under power of attorney, or by voluntary surrender to the mortgagee within two years prior to such exchange or advance.

(d) The board shall issue such rules and regulations as may be necessary, including rules and regulations providing for the appraisal of the property on which loans are made under this section so as to accomplish the purposes of this Act.

(e) Any person indebted to the Corporation may make payment to it in part or in full by delivery to it of its bonds which shall be accepted for such purpose at face value.

ADMINISTRATIVE PROVISIONS

SEC. 5. (a) The Corporation shall have power to appoint and fix the compensation of such officers, employees, attorneys, or agents as shall be necessary for the performance of its duties under this Act, without regard to the provisions of other laws applicable to the employment or compensation of officers, employees, attorneys, or agents of the United States. No such officer, employee, attorney, or agent shall be paid compensation at a rate in excess of the rate provided by law in the case of the members of the Federal Home Loan Bank Board. The Corporation shall be entitled to the free use of the United States mails for its official business in the same manner as the executive departments of the Government, and shall determine its necessary expenditures under this Act and the manner in which they shall be incurred, allowed, and paid, without regard

to the provisions of any other law governing the expenditure of public funds.

(b) The board is authorized to make such bylaws, and issue such rules and regulations, not inconsistent with the provisions of this section, as may be necessary for the proper conduct of the affairs of the Corporation. The board is further authorized and directed to retire and cancel the bonds and stock of the Corporation as rapidly as the resources of the Corporation will permit. Upon the retirement of such stock, the reasonable value thereof as determined by the board shall be paid into the Treasury of the United States and the receipts issued therefor shall be canceled. The board shall proceed to liquidate the Corporation when its purposes have been accomplished, and shall pay any surplus or accumulated funds into the Treasury of the United States. The Corporation may declare and pay such dividends to the United States as may be earned and as in the judgment of the board it is proper for the Corporation to pay.

PENALTIES

SEC. 6. Whoever makes any statement, knowing it to be false, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Home Owners' Loan Corporation or the board upon any application, advance, discount, purchase, or repurchase agreement, or loan under this Act, or any extension thereof by renewal deferment, or action or otherwise, or the acceptance, release, or substitution of security therefor, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

FHA AUTHORITY

SEC. 7. During any period when the Corporation is carrying out its function pursuant to section 4, the Secretary of Housing and Urban Development may not make cash expenditures in connection with default proceedings under any provision of the National Housing Act, except as provided in the second sentence of section 207(j) of such Act.

AUTHORIZATION

SEC. 8. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

By Mr. MATHIAS:

S. 3204. A bill to eliminate discrimination based on sex in the youth programs offered by the Naval Sea Cadet Corps. Referred to the Committee on the Judiciary.

Mr. MATHIAS. Mr. President, the U.S. Naval Sea Cadet Corps, a federally chartered nonprofit educational organization sponsored by the Navy League of the United States, is a volunteer training program for youths in the 14- to 18-year-age bracket.

There are over 150 NSCC units spread across mainland U.S.A., as well as units in Alaska, Hawaii, and Puerto Rico. The current strength of the corps is close to 6,000.

To be eligible to enroll, a youth must be a U.S. citizen attending school with an acceptable academic record as certified by school authorities, must have parental consent, pass a physical examination and a standard Navy qualification mental test—SBTB.

The officers of the Naval Sea Cadet Corps are all adult volunteers over the age of 21 who have been carefully selected and screened prior to receiving appointments. Many are retired, reserve, or active duty military personnel, and all serve without pay. They are authorized by the Secretary of the Navy to wear naval officer-type uniforms while participating in NSCC activities.

A national board of directors, appointed by the national president of the Navy League, establishes policy for NSCC and provides for its execution. The only personnel who receive any compensation are the national executive director and a small staff at the NSCC national headquarters.

Financial support for the organization comes from the Navy League, individual, and group contributions, and a small enrollment fee paid by each cadet. Support in the way of training facilities and training materials—textbooks, manuals, et cetera—are provided by the Navy. The cadets are afforded the opportunity to train in seaman, airman, fireman, and constructionman rates, and senior cadets may move on to ocean sciences, engineering, naval officer preparatory courses, avionics, et cetera. There is no military obligation involved in NSCC membership, but ex cadets may be given advanced pay grade enlistments should they choose to enlist in the Navy or the Coast Guard.

The basic objectives of NSCC are:

To develop in young people an interest and skill in seamanship and seagoing disciplines;

To inculcate in cadets an appreciation for our Navy's history, customs, traditions, and the significance of a modern Navy on the Department of Defense team;

To build in every cadet a sense of patriotism, courage, self-reliance, and confidence; those qualities which will mold good moral character and citizenship, to the enhancement of the quality of our Nation's manpower; and

To raise the prestige of a military career and increase the advancement potential of cadets who may later elect to serve with the Navy.

The Naval Sea Cadet Corps desires to have the basic legislation changed in order that the advantages of NSCC membership may be made available to young ladies as well as young men. Therefore, I am today introducing legislation designed to amend the Federal charter to accomplish this end.

By Mr. NELSON (for himself, Mr. ABOUREZK, Mr. BAYH, Mr. BIBLE, Mr. BIDEN, Mr. BROOKE, Mr. CANNON, Mr. CASE, Mr. CHILES, Mr. CLARK, Mr. DOMENICI, Mr. DOMINICK, Mr. FONG, Mr. FULBRIGHT, Mr. GRAVEL, Mr. GURNEY, Mr. HANSEN, Mr. HART, Mr. HARTKE, Mr. HASKELL, Mr. HATHAWAY, Mr. HUMPHREY, Mr. JACKSON, Mr. JAVITS, Mr. JOHNSTON, Mr. KENNEDY, Mr. MATHIAS, Mr. McGEE, Mr. McGOVERN, Mr. McINTYRE, Mr. MONDALE, Mr. MOSS, Mr. NUNN, Mr. PACKWOOD, Mr. PASTORE, Mr. PELL, Mr. PERCY, Mr. PROXMIRE, Mr. RANDOLPH, Mr. RIBICOFF, Mr. STEVENSON, Mr. SYMINGTON, Mr. TAFT, Mr. TOWER, Mr. TUNNEY, Mr. WILLIAMS, Mr. INOUYE, Mr. EAGLETON, Mr. CRANSTON, and Mr. HOLLINGS):

S.J. Res. 196. Joint resolution designating April 21 through April 28 as "Earth Week, 1974." Referred to the Committee on the Judiciary.

Mr. NELSON. Mr. President, every American regardless of age, race, occupation, or political persuasion is affected by the environment. We are all concerned about the quality of air we breathe. We are all concerned about the safety and quality of the Nation's public water supplies. We all enjoy clean lakes and streams. We are all concerned about the type of legacy in terms of nature and beauty we will leave for future generations. How we work and how we relax are interrelated with the environment. To understand where we have been and to help shape the future, public discussions involving every sector and segment of society must be encouraged.

For the last several years Earth Week has provided such a public forum for citizens to get together and talk about environmental problems and try to work together in solving them. Earth Week is an annual event that symbolizes the continued need for environmental education and candid public discussion.

Last year, hundreds of thousands of students in elementary and secondary schools and in colleges participated in special environmental education projects which included films, lectures, and practical work sessions where conservation skills were taught.

Today, I am introducing with 49 cosponsors a joint resolution which calls for the designation of April 21–28, 1974, as "Earth Week '74." I invite every Senator to join as a cosponsor to this joint resolution.

Concern over the quality of the environment is still a very important issue with the people of this country. In a recent poll taken late last year by Common Cause to determine the public's feelings on priority issues, concern about "protecting and enhancing the environment" ranked second to a desire to "overhaul and revitalize government." Today, millions of people are constructively working with local, State, and Federal agencies to improve the quality of life for all Americans. There are no simple answers. The problems that we must seek solutions for are intricate and complicated. Everything is connected to everything else—energy demands are linked to air pollution regulations, public safety and health questions come up every time nuclear power is mentioned, and the astronomical yearly increase in the Nation's ability to create solid waste materials depend on the continued emphasis of the outdated philosophy of use it once and throw it away. The energy crisis and its long-term affects on the American standard of living are yet to be determined.

Considering the interdisciplinary approaches needed to understand these problems it is particularly appropriate to discuss Earth Week, an annual event which for the past 3 years has sought to bring together members of the public, local, State, and Federal Government, and leaders from business and industry to discuss mutual problems and to seek constructive answers to present and future problems. Various agencies at all levels of Government are working to clean up the environment. Yet, the pub-

lic plays an enormous role in pollution cause and solution. During this past summer, the District of Columbia Council of Governments declared six air pollution alerts that lasted a total of 25 days. These series of alerts included the first Sunday alert and the highest pollution level ever recorded in the Nation's Capital.

As a current slogan states "People Start Pollution—People Can Stop It." Earth Week provides the forum for intense educational discussions to take place.

Last year the Earth Week resolution was supported by over 70 Senators and 100 Representatives. It was also proclaimed by numerous Governors and by a wide variety of educational and environmental organizations.

This year the supporters of Earth Week hope to focus wide attention on what individuals can do to abate the degradation of our environment through formal and informal educational programs. A sustained national effort is needed to solve many of our problems and Earth Week plays a vital role by bringing together individuals on all sides of the issues.

A new national coordinating organization, the Alliance for Environmental Education, is now working to make Earth Week 1974 a success. This organization is composed of 27 major public spirited groups including: American Association for Health, Physical Education and Recreation; American Forest Institute, American Nature Study Society, American Society for Ecological Education, Association for Environmental and Outdoor Education, Boy Scouts of America, Conservation Education Association, Conservation Foundation, Forest Institute, Girl Scouts of the U.S.A., Humane Society of the United States, Izaak Walton League of America, League of Women Voters of the United States, Massachusetts Audubon Society, National Association for Public Continuing and Adult Education, National Association of Conservation Districts, National Audubon Society, National Council of Geographic Education, National Education Association, National Parks and Conservation Association, National Science Teachers Association, National Wildlife Federation, Nature Conservancy, Northeastern Environmental Education Development, Soil Conservation Society of America, Western Regional Environmental Education Council, and Wildlife Management Institute. Through their individual inhouse communication network, information will be passed to their State and local representatives in every State.

As representatives of the people we have the responsibility to safeguard for future generations and manage for present Americans the finite resources of this great country. If we permit these limited resources to be destroyed by neglect or by reluctance to act, we will never have the chance to undo the damage. We must be willing to pay for safe drinking water. We most afford the costs of clean and healthful air. We must assume the responsibility to insure that people may relax at safe beaches and swim in clean lakes.

Environmentalism is not an idea of the 1960's and 1970's. Some of the oldest environmental organizations were founded around the turn of the century. In 1908, President Theodore Roosevelt sponsored the first White House Conference on Conservation. Earth Week is a continuing part of the American tradition to achieve harmony with nature.

Congress has appropriated billions of dollars for environmental projects including a new Federal agency, the Environmental Protection Agency, and a specific environmental education program. We will spend billions more in our search for the answers posed by the energy crisis. Congress can take credit for passing strong legislation that has led to improved environmental quality. Ecology has become a household word. All Americans are trying to understand the environment and how they affect it and are affected by it.

Since the first Earth Day certain basic factors have become clear: There are expensive costs that must be paid not only in terms of dollars, but in terms of human health and happiness.

In the final analysis the public will determine how and when we will reach some accommodation with the environment. Earth Week by encouraging, sustaining, and renewing the attitude for a reasonable balance between man and nature plays an important role in preserving and protecting the quality of life in America.

All Senators are welcome to cosponsor this Senate joint resolution.

Mr. President, I ask unanimous consent that the text of the resolution be printed in the RECORD.

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

S.J. RES. 196

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

Whereas the environmental issue ranks very high on the scale of general public concern, and is of importance to a broad spectrum of Americans of all ages, interests, and political persuasions, and

Whereas there is a need and desire for continuing environmental education, and for a continuing nationwide review and assessment of environmental progress and of further steps to be taken, and

Whereas Earth Week, 1971, 1972 and 1973, and Earth Day, 1970, have been nationwide educational events promoting a greater understanding of the serious environmental problems facing our Nation, and encouraging a persistent search for solutions, and

Whereas Earth Week last year was proclaimed by the President of the United States, the Governors of forty two States and the mayors of seventy five cities, and was supported by many members of both parties in both Houses of Congress, and

Whereas Earth Week has been the focus of special environmental education projects of hundreds of thousands of grade school, high school, and college students, and

Whereas Earth Week has provided a base for the continuing commitment by all interests, including education, agriculture, business, labor, government, civic and private organizations and individuals, in a cooperative effort to preserve the integrity and livability of our environment: Now, therefore, be it

Resolved by the Senate and the House of Representatives of the United States of America in Congress assembled; That April 21 through April 28 be designated as Earth Week, 1974, a time to continue the nationwide effort of education on environmental problems, to review and assess environmental progress and to determine what further steps must be taken, and to renew the commitment and dedication of each American to restore and protect the quality of the environment.

ADDITIONAL COSPONSORS OF BILLS

S. 1835

At the request of Mr. HARTKE, the Senator from Iowa, (Mr. CLARK), was added as a cosponsor of S. 1835, a bill to amend title 38, United States Code, to increase the maximum amount of Servicemen's Group Life Insurance to $20,000 to provide full-time coverage thereunder for certain members of the Reserves and National Guard, to authorize the conversion of such insurance to Veterans' Group Life Insurance and for other purposes.

S. 2738

At the request of Mr. JACKSON, the Senator from Minnesota (Mr. HUMPHREY), the Senator from Iowa (Mr. CLARK), the Senator from Alaska (Mr. GRAVEL), the Senator from Colorado (Mr. HASKELL), the Senator from Oregon (Mr. HATFIELD), and the Senator from Maryland (Mr. BEALL) were added as cosponsors of S. 2738, relating to the necessity of reorganizing certain departments and agencies of the executive branch, and for other purposes.

S. 2801

At the request of Mr. PROXMIRE, the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 2801, to amend the Food, Drug, and Cosmetic Act, and for other purposes.

S. 2835

At the request of Mr. HUMPHREY, the senior Senator from North Carolina (Mr. ERVIN) and the junior Senator from North Carolina (Mr. HELMS) were added as cosponsors of S. 2835, a bill to rename the first Civilian Conservation Corps Center located near Franklin, N.C. and the Cross Timbers National Grasslands in Texas in honor of former President Lyndon B. Johnson.

S. 2854

At the request of Mr. CRANSTON, the Senator from Maryland (Mr. BEALL), the Senator from Washington (Mr. JACKSON), and the Senator from New Jersey (Mr. CASE) were added as cosponsors of S. 2854, a bill to amend the Public Health Service Act to expand the authority of the National Institute of Arthritis, Metabolic and Digestive Diseases in order to advance a national attack on arthritis.

S. 2877

At the request of Mr. TOWER, the Senator from New Jersey (Mr. WILLIAMS), the Senator from Alaska (Mr. STEVENS), and the Senator from Florida (Mr. GURNEY) were added as cosponsors of S. 2877, the Meeting House Preservation Act.

S. 2913

At the request of Mr. MONDALE, the Senator from Minnesota (Mr. HUM-

PHREY) was added as a cosponsor of S. 2913, a bill to declare that certain federally owned lands within the White Earth Reservation shall be held by the United States in trust for the Minnesota Chippewa Tribe.

S. 3006

At the request of Mr. PROXMIRE, the Senator from South Dakota (Mr. McGOVERN) was added as a cosponsor to S. 3006, the Fiscal Note Act.

S. 3024

At the request of Mr. RIBICOFF, the Senator from New Mexico (Mr. MONTOYA) was added as a cosponsor of S. 3024, the Energy Crisis Unemployment Benefits Act.

At the request of Mr. BELLMON, the Senator from North Dakota (Mr. YOUNG) was added as a cosponsor of S. 3045, the Rural Development Health Care Services Act of 1974.

S. 3055

At the request of Mr. MONDALE, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 3055, to amend the Federal Water Pollution Control Act in order to improve the program for research and demonstration of new techniques in lake pollution control.

S. 3067

At the request of Mr. HARTKE, the Senator from Minnesota (Mr. HUMPHREY), was added as a cosponsor of S. 3067, a bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans, and for other purposes.

S. 3072

At the request of Mr. HARTKE, the Senator from Minnesota (Mr. HUMPHREY), was added as a cosponsor of S. 3072, a bill to amend title 38, United States Code, to liberalize the provisions relating to payment of dependency and indemnity compensation, and for other purposes.

S. 3073

At the request of Mr. Moss, the Senator from Alaska (Mr. GRAVEL) was added as a cosponsor of S. 3073, to amend the Higher Education Act of 1965 with respect to certain determinations concerning expected family contributions for basic educational opportunity grants.

S. 3076

At the request of Mr. GURNEY, the Senator from North Dakota (Mr. YOUNG), the Senator from Montana (Mr. METCALF), and the Senator from Oklahoma (Mr. BELLMON) were added as cosponsors of S. 3076, to increase the rates of vocational rehabilitation, educational assistance, and training assistance allowance paid to veterans and other persons, and for other purposes.

S. 3077 AND S. 3078

At the request of Mr. GURNEY, the Senator from Connecticut (Mr. RIBICOFF), the Senator from North Dakota (Mr. YOUNG), the Senator from Ohio (Mr. TAFT), the Senator from Kansas (Mr. DOLE), the Senator from Minnesota (Mr. HUMPHREY), the Senator from Montana (Mr. METCALF), and the Senator from Oklahoma (Mr. BELLMON) were added as cosponsors of S. 3077, to increase the maximum amount of the grant payable for specially adapted housing for disabled veterans, and S. 3078, to increase the maximum limitation on loans made or guaranteed under title 38, United States Code for the purchase of homes and for other purposes.

S. 3127

At the request of Mr. RIBICOFF, the Senator from Delaware (Mr. BIDEN) was added as a cosponsor of S. 3127, to provide medicare coverage for optometric services.

S. 3136

At the request of Mr. DOMENICI, the Senator from Montana (Mr. METCALF), the Senator from South Dakota (Mr. McGOVERN), and the Senator from Alaska (Mr. GRAVEL) were added as cosponsors of S. 3136, the American Arts and Handicrafts Act.

NATIONAL NO-FAULT MOTOR VEHICLE INSURANCE ACT—AMENDMENTS

AMENDMENT NO. 1039

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

Mr. GURNEY (for himself and Mr. DOLE) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 354) to establish a nationwide system of adequate and uniform motor vehicle accident reparation acts and to require no-fault motor vehicle insurance as a condition precedent to using a motor vehicle on public roadways in order to promote and regulate interstate commerce.

CONGRESSIONAL BUDGET ACT OF 1974—AMENDMENTS

AMENDMENTS NOS. 1040 THROUGH 1042

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

Mr. BEALL submitted three amendments, intended to be proposed by him, to the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget; and for other purposes.

AMENDMENT NO. 1043

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

ECONOMIC IMPACT STATEMENT—AMENDMENT TO S. 1541

Mr. PROXMIRE. Mr. President, I send to the desk an amendment to S. 1541 and ask that it be printed and made available to call up during the course of the debate on the bill.

The basic purpose of S. 1541 is to provide Congress with the institutions and mechanisms to make intelligent judgments about spending, taxes, fiscal policy, and the budget. By establishing a Congressional Office of the Budget and budget committees we, in large part, do that.

But there is an additional factor which is vitally important. That is the economic impact which bills, resolutions, and White House proposals will have. Except in a general way, when the Joint Economic Committee makes its annual and semi-annual reports, we do not have that expertise. And then we have it in a general rather than in a specific way.

PROPOSAL

For these reasons my amendment proposes that every bill or resolution of a public character which is reported to the Senate or House be required to include an economic impact statement. Of course bills which had no effect on the economy would not be required to have such a statement or, at best, a statement that the amendment did not apply.

The amendment calls for such a statement to be included in the report on a bill or resolution, without change. In other words, we want an honest, professional, economic opinion.

The statement would include, but not be limited to, its, the bill or resolution's, effect on jobs, economic growth, prices, and economic efficiency and productivity.

It would be prepared by the staff of the Joint Economic Committee.

VITAL TO CONGRESSIONAL FUNCTIONS

I think such an amendment is vital if the Congress is to do its job and do it intelligently.

We now have no such capacity.

In my judgment, we could create a small group of professionals—I would say a total of four or five at most—who could prepare such statements. These would have to be added to the present staff.

JOINT ECONOMIC COMMITTEE HAS EXPERTISE

I originally thought that such professional group or small coterie of people should be housed in the Congressional Office of the Budget. But the bill gives that office such a large number of responsibilities that I believe that it is better to charge the Joint Economic Committee with the responsibility of preparing the economic impact statement because that is their expertise. Further, let me say that I do not envision a long, detailed, economic analysis in the nature of a benefit-cost study, but a more general statement of the measure's economic effects. However, I see no reason why, when there is some very important measure before us—whether to begin a new $5 billion program of public works or a huge subsidy program for energy development, et cetera—a more detailed analysis could not be given at a particular committee's request.

WHY WE SHOULD REQUIRE ECONOMIC IMPACT STATEMENT

There are a great many reasons why we should do this. But let me just mention one.

During this year's hearings on the economic report, Dr. Arthur Okun who was formerly the head of the Council of Economic Advisers, told us about his experience with programs for economic stimulation in the past. In particular he pointed out how in 1962, a year of very high unemployment, a series of programs aimed at stimulating the economy were both proposed and passed. They were

largely public works and other economic development programs.

But what happened was that they did not really come into effect fully until 1966, at the time when inflation due to the Vietnam war was upon us. Instead of taking up the slack and aiding an economy where unemployment and slow growth were the problem, their effect was to stimulate the economy at a time of inflation, a shortage of goods, and pressures on scarce resources. It had exactly *the wrong effect* at the wrong time.

Now that is the kind of situation we should avoid and the kind of wrong-headed policy this amendment is designed to head off. I commend it to the Senate.

AMENDMENT NO. 1044

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

Mr. RIBICOFF (for himself, Mr. LONG, Mr. WILLIAMS, Mr. MCGOVERN, Mr. STAFFORD, Mr. HARTKE, Mr. RANDOLPH, Mr. CRANSTON, and Mr. MONDALE) submitted amendments, intended to be proposed by them, jointly, to Senate bill 1541, supra.

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

Mr. NELSON. Mr. President, on behalf of myself, the Senator from Minnesota (Mr. MONDALE), the Senator from Delaware (Mr. BIDEN), and the Senator from Kansas (Mr. DOLE), I submit an amendment intended to be proposed by us, jointly, to Senate bill 1541, supra. I ask unanimous consent that the amendment be printed in the RECORD.

This amendment would change the Congressional Budget Act to provide for rotating membership on the Senate Budget Committee. Simply put, this would prohibit any Senator from serving more than 6 years consecutively on the committee. After serving 6 years a Senator would be barred for the next 2 years from serving on the committee. After this 2-years absence, the Senator would not be prohibited, under this amendment, from resuming membership on the committee.

Mr. President, I believe this procedure is necessary to insure that this all-important responsibility, control of our Federal budget, is shared by a great many Senators and not left in the hands of a few.

The bill in its present form would have the Senate Budget Committee be another "Category A" committee. Senators are limited to membership in two such committees.

It is true that the notion of rotating committee membership is an unusual one, but what we consider today is the establishment of an unusual and very special kind of Senate committee. This committee will not, like the Committees on Agriculture and Forestry or on Foreign Relations, have jurisdiction over one area—even a broad area—of Senate legislation. Instead, the Senate Budget Committee would affect everything of substance done by the Senate and by the Congress.

Mr. President, this proposal would encourage, rather than discourage, Senators who are experienced and knowledgeable in budget matters to join the new committee. This is so because the amendment would not require a Senator to resign from one of two "Category A" committee assignments, such as Finance or Appropriations, in order to serve on the Budget Committee, where his expertise would be so valuable—indeed, indispensable. On the other hand, more junior Senators would also be encouraged to join the new committee, where the absence of a traditional seniority system would permit them, through hard work, to make a truly meaningful contribution.

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

On page 107, on line 6, beginning with the word "The", strike everything through the word "completed." on line 19, and insert the following: "Rule XXV of the Standing Rules of the Senate is amended by adding at the end thereof the following new paragraph:

"8. (a) The Committee on the Budget shall consist of fifteen members.

"(b) For purposes of paragraph 6, service of a Senator as a member of the Committee on the Budget shall not be taken into account.

"(c) (1) Membership on the Committee on the Budget shall be divided into three classes with five seats in each class. The members first elected to the committee shall, by lot, determine the class to which their seats are assigned. Thereafter, members elected to the committee shall be elected to a seat in one of the three classes.

"(2) A member serving on the committee in a seat of the first class during the 95th Congress, or during any third Congress following the 95th Congress, shall not be eligible to serve on the committee during the Congress following such 95th Congress or following any such third Congress, as the case may be.

"(3) A member serving on the committee in a seat of the second class during the 96th Congress, or during any third Congress following the 96th Congress, shall not be eligible to serve on the committee during the Congress following such 96th Congress or following any such third Congress, as the case may be.

"(4) A member serving on the committee in a seat of the third class during the 97th Congress, or during any third Congress following the 97th Congress, shall not be eligible to serve on the committee during the Congress following such 97th Congress or following any such third Congress, as the case may be."

AMENDMENT NO. 1047

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

Mr. JAVITS (for himself, Mr. CHILES, Mr. MUSKIE, Mr. JOHNSTON, Mr. MOSS, and Mr. MONDALE) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1541, supra.

AMENDMENT NO. 1048

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

Mr. PROXMIRE. Mr. President, I submit an amendment, intended to be proposed by me, to Senate bill 1541, supra. I ask unanimous consent that the amendment be printed in the RECORD.

AMENDMENT NO. 1048

On page 159, between lines 11 and 12, insert the following:

ECONOMIC IMPACT STATEMENTS

SEC. 405. (a) The Joint Economic Committee shall prepare an economic impact statement with respect to any bill or resolution of a public character to be reported to the Senate or the House of Representatives. Such statement shall analyze the impact of that bill or resolution, if enacted into law, upon the United States economy, including, but not limited to, the number of new jobs that will be provided, the effect upon the economic growth of the United States, its inflationary, deflationary, or recessionary impact, and its effect with respect to efficiency and productivity.

(b) The economic impact statement with respect to a bill or resolution shall be included, without change, in the report on that bill or resolution. It shall not be in order in either the Senate or the House of Representatives to consider such bill or resolution unless the economic impact statement prepared in accordance with this section has been made available to the Members of that House of the Congress considering the bill or resolution.

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

AMENDMENT NO. 1049

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

Mr. PROXMIRE. Mr. President, on behalf of myself and Senators PERCY, MUSKIE, NELSON, STAFFORD, DOLE, SYMINGTON, PELL, MCCLURE, COOK, and MCGOVERN, I submit an amendment, intended to be proposed by us, jointly, to Senate bill 1541, supra. I ask unanimous consent that the amendment be printed in the RECORD.

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

AMENDMENT NO. 1049

"On page 157, line 4, insert '(a)' after "Sec. 403.".

"On page 157, after line 22, insert the following:

'(b) The Director of the Congressional Office of the Budget shall, to the extent practicable, prepare for each bill or joint resolution of a public or private character, which has been reported in the Senate or the House of Representatives, or for each amendment proposed on the floor of such House, a fiscal note. Such fiscal note shall appear at the bottom of the first page of such bill, joint resolution, or amendment, in bold-face type, when such bill, joint resolution, or amendment is printed. Such fiscal note shall contain an estimate of the costs which would be incurred, or the savings which would be achieved, in carrying out such bill, joint resolution, or amendment in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year.'"

AMENDMENT NO. 1050

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

Mr. TAFT. Mr. President, today I am introducing for myself, the Senator from Alabama (Mr. SPARKMAN), the Senator from Texas (Mr. TOWER) and the Senator from Wisconsin (Mr. PROXMIRE) an amendment to S. 1541 which would delete the reference in section 606 to the Federal Financing Bank and thus keep the bank out of the budget.

Section 606 would repeal a number of

provisions of law which have exempted from the budget certain Federal programs and agencies, including the Federal Financing Bank.

Including the outlays of the Federal Financing Bank in the budget totals, as would be required by section 606, would mean that each time the Federal Financing Bank purchased an obligation guaranteed by another Federal agency a new budget outlay would occur. Thus the Federal budget and the Federal deficit would be increased by the amount of Federal Financing Bank purchases of guaranteed securities.

I think that there has been a great deal of misunderstanding about the effect of section 606 on the Federal Financing Bank. I agree that when the bank purchases an obligation issued by a Federal budget agency, such as TVA, there would be no net effect on Federal budget totals; this would simply be an intragovernmental transaction. I also recognize that obligations guaranteed by Federal agencies would not be directly affected by S. 1541, and they could continue to be financed outside of the budget.

The problem created by S. 1541 is simply that guaranteed obligations could not be financed by the Federal Financing Bank except by increasing budget outlays. Thus, since guaranteed borrowers could not count on the ready availability of Federal Budget funds, the Financing Bank would not be the assured source of financing that the Congress intended it to be.

The total amount of securities issued or guaranteed which would be eligible for purchase by the Federal Financing Bank in the fiscal year 1975 is estimated at $20 billion, of which guarantees account for $17 billion. Consequently, the Federal budget deficit of $9.4 billion estimated for fiscal 1975 would be increased by $17 billion if the bank purchased these securities, and the deficit would be $26.4 billion. I do not think it is realistic to expect that this would occur. Rather, many guaranteed borrowers who are eligible to borrow from the Federal Financing Bank would generally feel obliged to continue their own market borrowing operations so as to avoid the uncertainties of relying on sufficient funding when they need it from the Financing Bank. Thus, these guaranteed borrowers would continue to pay more on their borrowings, and the intent of the Congress in the Federal Financing Bank Act of 1973 would not be achieved.

The additional interest cost incurred in financing guaranteed securities outside of the Federal Financing Bank will in many cases be a direct cost to the Federal Government and thus to the taxpayer, since many guaranteed obligations, such as in the subsidized housing programs, involve direct Federal interest payments.

Who else will pay the cost of including the Federal Financing Bank in the Budget?

The rural electric cooperatives, whose bond issues will be guaranteed by REA under the new program enacted by the Congress in May of last year, would be required to pay more by borrowing in the market rather than through the Federal Financing Bank.

A higher interest rate would also be required on the Farmers Home Administration-guaranteed obligations to finance farmers, rural housing, and a variety of other rural development purposes.

The new Student Loan Marketing Association, established by the Congress to lower the costs of financing the student loan program, would also have to pay more on its borrowings.

The residents of Maryland, Virginia, and the District of Columbia would bear a higher cost for the new subway because the Washington Metropolitan Area Transit Authority would pay more on its borrowings which are guaranteed by the Secretary of Transportation.

The cost of financing would also be higher for small business investment companies; health maintenance organizations; hospital facilities; new communities; and a variety of other housing, education, and transportation obligations which are guaranteed by Federal agencies and which are eligible for Federal Financing Bank purchase.

Only if the Congress wishes to place these guaranteed securities themselves in the budget, which would not be done by S. 1541, would it make sense to require that budget outlays be incurred each time one of these securities is financed by the Financing Bank.

Thus, the inclusion of the Federal Financing Bank in the budget would serve only to continue the disorderly conditions in the market for Government-backed securities and raise the cost of borrowing for programs which were enacted by the Congress for the express purpose of lowering their borrowing costs. I do not think that any Member of the Senate wishes to see this happen. Thus I urge that you support my amendment, which would assure that the intent of Congress in the Federal Financing Bank Act of 1973 would be fulfilled.

I ask unanimous consent that the amendment, a letter from Secretary Shultz of the Treasury supporting it, and a letter from Comptroller General Staats opposing it, which I will discuss on the floor, be inserted in the RECORD at this point.

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

AMENDMENT No. 1050

On page 170, delete "(3) Federal Financing Bank;" and renumber the items which follow accordingly.

SECRETARY OF THE TREASURY,
Washington, D.C., March 14, 1974.

Hon. SAM J. ERVIN, Jr.,
Chairman, Government Operations Committee, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: In our further review of S. 1541, we find one provision concerning the Federal Financing Bank, created by the Congress on December 29, 1973 (P.L. 93-224), which would effectively negate the purpose of that recent legislation.

Specifically, Section 606 of S. 1541, as reported by the Senate Committee on Rules and Administration on February 21, 1974, would repeal a number of provisions of law which exclude certain programs and agencies, including the Federal Financing Bank, from the Federal Budget totals and limitations. Inclusion of the Federal Financing Bank in that provision misconstrues the nature and purpose of the Bank, which conducts no substantive program and is designed solely to coordinate and make more efficient borrowing by other Government agencies that will take place in any event. The decision on appropriate budgeting treatment should be made with respect to the substantive agencies, not with respect to the Federal Financing Bank.

I sympathize with the objective of Section 606 to provide for better budget control. If the Congress determines that certain substantive Federal credit programs be included in the Budget, this can and would be assured by including those programs in the Budget. This objective would not be achieved by including the Federal Financing Bank in the Budget. The Bank is simply an optional financing vehicle to consolidate and to lower the costs of market borrowing activities for other Federal agencies. The Bank is authorized to issue its own securities and to use the proceeds to purchase any obligation issued, sold, or guaranteed by a Federal agency. Such purchases by the Bank would not affect the budget treatment of the agency operations. That is, those agencies which are in the Budget would not be removed from the Budget by using the Financing Bank. Nor would agencies outside the Budget be brought into the Budget simply because their obligations were financed by the Bank. Thus the Federal Financing Bank itself would have, and should have, no effect on the Federal Budget outlay and receipt totals or surplus or deficit except, of course, that budget savings would be realized over time by the reduction in agency financing costs made possible by the Bank.

The need for the Federal Financing Bank arose from the fact that over the years Congress provided many Federal credit agencies with authority to conduct their financing activities independently. The result has been a proliferation of inefficient Government-backed obligations in the market in the form of agency issues, sales, or guarantees of securities.

To a considerable extent, such agency financing is today in the form of guaranteed securities. This form of financing is outside the Budget today, and under the terms of S. 1541 would remain outside the Budget. Much of the savings made possible by the Bank would arise from financing such guaranteed obligations through the Bank. In many cases, such as guaranteed Farmers Home notes, public housing bonds, and GSA certificates, the Government itself would directly realize the savings in interest costs since these programs involve direct Federal interest payments. In other guarantee programs, such as Merchant Marine bonds, Amtrak issues, and Washington Metropolitan Transit Authority bonds, the interest savings would benefit the guaranteed borrowers but should in the end also lead to a reduction in Federal construction or operating subsidies for these programs.

If the Federal Financing Bank were to be included in the Budget while the substantive guarantee programs themselves remain excluded, those Federal agencies could not find it practicable to use the Bank to finance guaranteed securities. The net effect would be that most agency financing activities would continue to be conducted directly in the market in less efficient forms and at substan-

tial additional costs to the programs being financed and to the Federal taxpayers.

In sum, the decision as to appropriate budgeting treatment should be made with respect to the credit programs themselves, and not on the basis of whether they choose to use the Federal Financing Bank as a financing vehicle. It is not my intention here to suggest which Federal credit programs should be in the Budget. I merely wish to point out the overlapping, and therefore self-defeating, nature of including the Federal Financing Bank in Section 606.

Sincerely yours,

GEORGE P. SHULTZ.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 18, 1974.

Hon. CHARLES H. PERCY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PERCY: You have requested the comments of the General Accounting Office on provisions of Section 606 of S. 1541, as reported by the Committee on Rules and Administration. These provisions concern the Federal Financing Bank. Essentially, these provisions would require that the Federal Financing Bank and several other agencies now excluded from the budget totals be included therein.

We believe it appropriate that the activities of the Federal Financing Bank, like those of all other Government agencies, be included in the budget totals, and we therefore favor these provisions of Section 606 of S. 1541.

As we understand it, among the arguments of those opposing the legislation are contentions that the Federal Financing Bank is unique; that it is not a program agency; that its activities will create neither expenditures nor borrowings that will not otherwise occur; and that its activities are in effect a consolidation of the financing activities of other Federal programs. It is also argued that exclusion from the budget is necessary to assure neutrality with respect to the budget status of programs the Bank would be dealing with.

We disagree fundamentally with the "budget neutrality" argument. Rather, we agree with the President's Budget Concepts Commission of 1967 that all agencies and programs should be subjected to the test of *inclusion* in the budget totals and the consequent priority evaluations and judgments.

Further, it is not clear to us that the other cited arguments are valid. To the extent that Federal Financing Bank activities simply mirror or duplicate the activities of other agencies or programs, these activities can and should be netted out of the budget totals as is done in many other areas of the budget. It appears likely, however, that some activities of the Bank will not be duplicative of amounts otherwise included in the budget for a given year. These activities should be reflected in the budget and included in budget totals.

We do not read the language of Section 606 as requiring the inclusion of the total amounts of guarantees of non-Federal obligations in budget totals nor do we believe this should be required. If this is a concern, we believe it could be removed by report language or legislative history clarifying the intent of the bill to exclude such guarantees except for a reasonable contingency amount.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

AMENDMENT NO. 1051

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

Mr. HARRY F. BYRD, JR. (for himself and Mr. HELMS) submitted an amendment, intended to be proposed by them, jointly, to Senate bill 1541, supra.

AMENDMENT OF RANDOLPH-SHEPPARD ACT—AMENDMENT

AMENDMENT NO. 1045

(Ordered to be printed, and referred to the Committee on Labor and Public Welfare.)

Mr. HARTKE. Mr. President, on October 30, 1973, I cosponsored a very worthwhile piece of legislation introduced by my good friend and distinguished colleague, Senator RANDOLPH, of West Virginia. The bill, S. 2581, goes a long way to further the cause of the blind of our country. It would strengthen the Randolph-Sheppard Act of 1936, giving the blind vendors greater opportunity to establish their vending facilities throughout the Federal Government. We should take all steps necessary to assist the blind people of our country to live normal lives.

I am hopeful that the amendments will pass; however, I must introduce an amendment which will slightly alter the intent of the proposed new section 7 of the Randolph-Sheppard Act. My amendment would not significantly change the character of the bill, but would allow departments within the Federal Government with vending machines in their work areas and accessible only to Federal Government employees to maintain the charitable resources they receive from those machines. The moneys which the various departments in the Federal Government receive from the vending machines used exclusively by employees are not sizable, and are used for the purchase of flowers in times of sorrow, for scholarships for a deserving student, and to brighten their day with other charitable contributions.

The few moneys received by the various departments from the vending machines are not used for personal enrichment of any of the employees, but for the common good and morale of the employees. We should not be eager to take away these few resources from a worthwhile purpose. We should make more facilities and moneys available to the blind people of our country, but not at the expense of other worthwhile endeavors.

Mr. President, I still support the Randolph-Sheppard Act amendments, but as modified by my amendment.

Mr. President, I ask unanimous consent that the text of my amendment to S. 2581 be printed in the RECORD at this point.

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

AMENDMENT NO. 1045

On page 14, line 24, strike the period at the end thereof and insert the following:

": except vending machines on Federal property which are within an office or workplace accessible only to employees of the Federal Government."

NOTICE CONCERNING NOMINATION BEFORE THE COMMITTEE ON THE JUDICIARY

Mr. ROBERT C. BYRD. Mr. President, the following nomination has been referred to and is now pending before the Committee on the Judiciary:

George A. Locke, of Washington, to be U.S. marshal for the eastern district of Washington for the term of 4 years; reappointment.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in this nomination to file with the committee, in writing, on or before Wednesday, March 27, 1974, any representations or objections they may wish to present concerning the above nomination, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

NOTICE OF HEARINGS ON CIRCUIT COURTS OF APPEALS

Mr. BURDICK. Mr. President, as chairman of the Subcommittee on Improvements in Judicial Machinery, I wish to announce that a series of six hearings on the courts of appeals for the several circuits will commence on March 27, 1974. These hearings will concentrate on S. 2991 which contains the recommendations of the Judicial Conference of the United States that an additional nine circuit judges be authorized for seven of the circuits, excluding the fifth and ninth circuits. The fifth and ninth circuits are excluded from immediate consideration in the first phase of these hearings because the Commission on Revision of the Federal Court Appellate System has recommended that those two circuits be divided. Those recommendations are embodied in S. 2988, S. 2989 and S. 2990, which bills will be considered, together with the number of additional judgeships required, in the second phase of the hearings to be commenced later in this session.

The following is the schedule for hearings on S. 2991, the so-called circuit court omnibus judgeship bill:

March 27th: Room 6202 at 10:00 A.M. Senator Roman L. Hruska and Professor Leo Levin.

March 28th: Room 6202 at 10:00 AM. Judge Robert Ainsworth, Administrative Office of the U. S. Courts.

April 4th: Room 457 at 10:00 AM. Chief Judge Luther Swygert, Seventh Circuit and Chief Judge Collins Seitz, Third Circuit.

April 10th: Room 6202 at 10:00 AM. Chief Judge Frank Coffin, First Circuit and Judge Gerald Heaney, Eighth Circuit.

April 11th: Room 6202 at 10:00 AM. Chief Judge Clement Haynsworth, Jr., Fourth Circuit and Chief Judge David Lewis, Tenth Circuit.

April 23rd: Room 2228 at 10:00 AM. Chief Judge Harry Phillips, Sixth Circuit and Chief Judge Irvin Kaufman, Second Circuit.

Communications relative to the first phase of these hearings during March and April should be directed to the subcommittee at 6306 Dirksen Office Building, extension 5–3618.

NOTICE OF HEARINGS ON AGRICULTURAL FUEL SITUATION

Mr. McGOVERN. Mr. President, I wish to announce that the Subcommittee on Agricultural Credit and Rural Electrification, of the Committee on Agriculture and Forestry, will hold hearings on

Monday and Tuesday, March 25 and 26, on the fuel situation as it relates to American agriculture and related industries.

Mr. William E. Simon, director of the Federal Energy Office, is scheduled to be the lead witness.

The hearings will be held at 10 a.m. on each day, in room 4232 in the Dirksen Senate Office Building. Members of Congress or others wishing to testify or submit statements for the RECORD should contact the committee staff.

ADDITIONAL STATEMENTS

SENATOR BARTLETT DISAGREES THAT PRESIDENT SHOULD RESIGN

Mr. HELMS. Mr. President, the distinguished Senator from Oklahoma (Mr. BARTLETT) shares my affection and high respect for our distinguished colleague from New York (Mr. BUCKLEY), and it was with deep regret that we found ourselves in disagreement yesterday with Senator BUCKLEY,

I addressed myself to this matter yesterday in the Senate. Senator BARTLETT has supplied me with a copy of a statement which he released on the subject.

I ask unanimous consent that Senator BARTLETT'S statement be printed in the RECORD.

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

STATEMENT BY SENATOR DEWEY F. BARTLETT ON PRESIDENTIAL RESIGNATION

Senator Jim Buckley has called for the resignation of President Nixon. I know Senator Buckley and am sure he arrived at this decision sincerely with much forethought and without malice. However, I must disagree with him. I do not believe that the current Presidential situation precipitated by the Watergate scandal, can properly be resolved by the resignation of our President.

First, forcing a President to resign because of public clamor could cause irreparable damage to the constitutional office of the Presidency. We are supposed to be a government of laws, not of men. The forced resignation of the President could subject every sebsequent President to the whim of an opinion poll or to the clamor for impeachment rather than to the laws of the constitution.

If a President who is innocent of an impeachable offense resigns from office because of the tremendous public pressure brought to bear on him, the voters who elected that President are denied their mandate. Once such a resignation occurs, the precedent is established for a minority to succeed through pressure where it failed through the electoral process.

Certainly, if a President is guilty of wrongdoing, he should resign or be impeached. But it is a dangerous idea to suggest that the President resign solely because public opinion has turned against him and that he may be impaired in carrying out his duties.

Second, the American people deserve a complete resolution of the Watergate and related affairs. Resignation would not serve to put Watergate behind us, rather it would leave unresolved the multiplicity of questions about Watergate.

The authors of our Constitution carefully delineated the process of determining innocence or guilt of a President who might be charged with wrongdoing. We are now in the midst of that process. The House Judiciary Committee is studying the evidence and will report to the House. If the House decides there is evidence of wrongdoing, a bill of impeachment will be reported, the President will be tried by the Senate, and he will be either exonerated or found guilty and removed from office.

We should not try to change the rules for the removal of a President in the middle of that process by substituting forced resignation for the impeachment. Article 2, Sec. 4 has been in our Constitution for almost two hundred years. Only once, in 1868, has an impeachment proceeding been levied against a President. Then too, it was traumatic, but the nation and the presidency emerged intact.

A traditional part of our judicial process is the presumption of innocence until proved guilty. A denial of this right to the President could erode our ability to find justice.

We are all weary of Watergate. However, rather than call on the President to resign, I call upon him, the Congress, and the special prosecutor's office, to achieve the earliest possible complete and just resolution to the entire afair.

Our goal should be justice for the President and exposure of the complete truth. Certainly, if that goal is achieved, our country and its institutions will not only survive, but will be strengthened.

DYSLEXIA

Mr. RIBICOFF. Mr. President, the magnitude of national troubles often blurs our vision of specific human problems. We look at the forest and fail to see the trees. A single person's disability may be hidden from all but his family and a few friends and neighbors.

Jim McCarthy, of CBS radio, recently focused our attention on one of these personal plights so often ignored by society at large. In a poignant, seven-part series he traces the educational history of Justin, a boy with dyslexia, a reading disorder that Justin shares with approximately 1 million other American schoolchildren.

Dyslexia is a functional disorder; once identified, it can be combated with special remedial treatment. The tragedy is that it so often is not identified until it is too late. The dyslectic child, falling far short of his classmates in spoken language, reading, spelling, and penmanship, is considered mentally retarded. In Justin's case, with an IQ of between 135 and 145, he was unable in the second grade to read or write his own name.

Reading skills are the core of our entire educational system. But until teachers are trained to identify specific reading problems and until remedial help is established on a far broader basis than it exists today, the child with a reading disorder is quite literally lost in our public schools and, ultimately, lost to the adult world as well.

"Why Johnny Can't Read" becomes why Johnny cannot work. The cost in human tragedy is immeasurable; the cost to our whole society can be counted, and the time for a reckoning is long overdue.

In the hope that they will be fully read by all who share my concern for Justin and a million more children who are handicapped by dyslexia, Mr. President, I ask unanimous consent that Jim McCarthy's series be printed in full in the RECORD.

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

DYSLEXIA

JUSTIN. This is . . . a . . . big . . . white . . . r . . . ra . . . rabbit.

MCCARTHY. This is Justin, age eight, a child who possessed remarkable skills and adaptiveness in pre-school and kindergarten, but in the first grade began failing all subjects. With the suggestion by his teachers that the child was retarded, Justin's family took him to Georgetown University's Psychological Testing Service, where Dr. Macario Giraldo, the Service's psychological director, tested him for retardation.

GIRALDO. What I found in testing him by using the best available standardized measures of intelligence we have now was that he was a youngster, not only average and normal as far as general intelligence goes, but very bright, quite bright as a matter of fact.

MCCARTHY. No retardation found, but Justin still had problems. A suggestion by Justin's teachers in the second grade that he was having eye trouble was proven incorrect by two ophthalmologists. At the end of the second grade, Justine was to have been promoted with another comment that he, according to the school, had a retardation problem. Justin's family blocked the promotion and had him retested by Dr. Giraldo.

GIRALDO. This is a boy of above average intelligence who shows an obvious reading disability. This reading disability seems very much connected with some visual-motor coordination problem in this child.

MCCARTHY. On the first test, Justin's IQ was listed between 125 and 135; the second test showed he was now between 135 and 145, not exactly, as suggested, retarded. Mrs. Pat Shea, Georgetown University's Coordinator for Developmental Reading Programs, saw Justin next for new tests and found—

SHEA. Very great difficulty in getting meaning from print and associating sound and visual symbols together. He has very great difficulty here. But dramatically enough on balance of tests, for example, his ability to listen both for the main ideas of stories told to him for the significant facts and details that were related to him, his ability to relate back these kinds of stories when his only requirement was to listen and tell as much of the story as he could. Here one was fascinated by his ability to relate back a story almost word for word, in perfect order, absolutely accurate and with a great deal of security.

MCCARTHY. The conclusion after the whole range of intelligence tests at Georgetown University was that Justin was a dyslexic. He saw words and letters backwards and thus could not read or write even his own name, despite his high IQ. There are an estimated one million Justins in America's schools today who have dyslexia or specific learning disabilities. That's what our series is all about . . . Our brilliant child, who's pushed through our school systems, unable to read or write beyond his own name. More on these children and what's being done to help them in our follow-up reports.

MCCARTHY. In attempting to discuss the subject of dyslexia, one runs into a hornet's nest of disagreement. No one wants to accept any single definition of the word, and the World Federation of Neurologists, Psychiatrists, Psychologists and Educators each go their own way. However, Mrs. Margaret Rawson, one of the first teachers to specialize in dyslexia and who helped found the first school specializing in specific learning disabilities, believes this to be the least objectionable definition.

RAWSON. *Dys* is poor or inadequate. *Lexia* is for words, like lexicon or dictionary. A 10-year old I know said it best, I think: What's wrong is my words; I forget them.

MCCARTHY. Mrs. Rawson, now in her 70's, remains a visiting professor of language arts

at several colleges, an internationally recognized lecturer on learning disabilities, and despite her years continues trying to teach teachers to identify children with dyslexia early.

RAWSON. You look over your classroom full of children. The ones who stand out, for whom you have to watch out, who may have real difficulties as time goes along, are the ones whose achievement in spoken language, reading, spelling, penmanship and associated language skills is below expectations based on age, physical condition, intellectual ability, conventional schooling and social opportunity.

MCCARTHY. The great tragedy of dyslexia or specific learning disability, according to Margaret Rawson, is that some teachers have a tendency to place the slow learner at the back of the room. And parents often regard the child as hopeless, even retarded, because he cannot read or write his own name. Tragic, Mrs. Rawson says, and wrong.

RAWSON. Very often he's the bright kid on the block because dyslexia has no necessary connection with the level of intelligence. Some of the brightest people in the world have had a great deal of difficulty in this field. If the child gets the right kind of help, he doesn't become a nondyslexic; he still has problems as he grows older. But he doesn't have to fail; he can do anything that he has it in him to do.

MCCARTHY. It has been said that there are no problem readers, only problem teachers and problem schools. Margaret Rawson agrees, and we'll go into that subject with another expert in this field of dyslexia in another report.

MCCARTHY. One of the great tragedies in our school systems today is that few teachers are properly trained to identify the student with a specific learning disability, or dyslexia. And too often the student is pushed from one grade to the next inadequately prepared, something Dr. Gil Shiffman, Director of Education, Johns Hopkins University, says we're seeing too much of.

SHIFFMAN. We do find youngsters graduating from school with a very, very limited ability to handle the verbal material. It's a real serious problem. But I think one of the major reasons is basically that our teachers in many cases are not properly trained in identification and remediation techniques for children with specific language disabilities.

MCCARTHY. Dr. Shiffman complained that one of the major roadblocks to education is the teacher who says, "The student will catch up once he's in a peer group and shouldn't be held back an extra year in a grade." To Dr. Shiffman, the child that is not learning should be caught immediately and given special help with his reading, writing or vocabulary problem.

SHIFFMAN. The longer we say, "Let's see if this kid will outgrow it, let's see if he'll pick up these skills next year," the longer we let these students move on, to upper and higher grades without remediating, the less the chance of ever permanently remediating him. The damage you do when you expose this youngster to failure year after year, it's a very frightening thing. And sometimes this scar—and it becomes a scar whether you like it or not—can never completely be erased.

MCCARTHY. To erase the scar or prevent it from forming to begin with, Dr. Shiffman says we have to have more specialized tutoring in the schools, and we must catch the students with dyslexia, or specific learning disabilities, early on, before they're pushed from grade to grade without the required skills, and that despite some fears is not an expensive proposition now. But, according to Dr. Shiffman, it may be prohibitively expensive in the future.

SHIFFMAN. I believe you can spend all the money fighting poverty; we spend all the money in every facet of social welfare and other things like that. But I don't believe you can really make it—I don't believe anybody can make it, no matter how much we concern ourselves about our quality of edution—if the person is having difficulty with literacy. I happen to believe that so many people are locked in to very menial jobs because of literacy problems. And I believe this is a national problem. I believe this should be a national commitment on early identification of these youngsters.

MCCARTHY. In 1969, as a result of a Special Commission on Dyslexia set up by the Department of Health, Education and Welfare for which Dr. Shiffman authored the working paper, legislation was passed to provide federal grants and contracts to seek out children with a specific learning disability and provide remedial education for them. We'll discuss that aspect of the problem in another report.

MCCARTHY. As a result of the Report of the National Advisory Committee on Dyslexia and Related Reading Disorders of the Department of Health, Education and Welfare, legislation was passed by Congress to seek out the student with specific learning disabilities at the local level. Rebecca Caulkins, Coordinator for Learning Disabilities at the U.S. Office of Education, is in charge of that program.

CAULKINS. This program was established by legislation in 1969 with the idea of having within each state a model demonstration program which would reach children who had learning problems, including dyslexia. In 1970 there were eight model programs established; 15 the following year, and 21 additional in the third year, making a total of 44 model demonstration projects over the country, one in each state.

MCCARTHY. The pilot programs to help educationally handicapped students are state organized and state run, according to Rebecca Caulkins. But they have this basic guideline.

CAULKINS. You start out with the idea that you want to identify the children who are in need of special help, and if your teachers are not aware enough, then the first thing you need to do is to work with your teachers to help them become more aware of each child's individual learning needs and learning style. In order to identify these children you have to train the teachers in how to identify them. After that, there is a second step which is, how do you work with these children with their special needs and with their special learning styles. You have a teacher-training program there too.

MCCARTHY. While it sounds complex and confusing, it's not, according to the U.S. Office of Education's Rebecca Caulkins. It boils down to a simple equation. Train the teacher to find the student with a special learning disablity, then tutor the student, keeping a progress report for use by other schools to use in remediating their special students.

CAULKINS. Part of the legislation mandated that there be an early screening program to identify those children who would have learning problems. It also included provisions for research and for training of teachers so that they would be able to identify children early who had need of special help and give them instruction and help in working with these children after they were identified.

MCCARTHY. Some states have done wonders with pilot programs to aid the student with specific learning disabilities and are filtering the information gained down through the entire school system. Others are not. Some states are continuing the programs, funding them completely on their own; others are letting them drop. The main problem appears to be the retraining of teachers. In another report we'll talk about teacher-retraining programs.

MCCARTHY. In a recent report from the U.S. Office of Education, 3.3 million adults were identified as being part of the nation's educational system. Unfortunately, according to Florence Hesser, few of them have had more than the basic courses in reading, and fewer still know what dyslexia is. Mrs. Hesser, Director of George Washington University's Reading Center, is retraining teachers to look out for the dyslexic child in the classroom, to reach them and teach them as they are.

HESSER. We've been inclined to think because we're math teachers, because we're social studies teachers, because we're English teachers, we're not reading teachers. But the children are reading, and in these classroom situations, every teacher should have preparation in this area. More and more it's being required that the teacher's certification contains at least one reading class and then the Master's too, no matter what you're getting the Masters in as long as it's in education.

MCCARTHY. Tragically, few of the estimated one million children afflicted with dyslexia, or specific learning disabilities, are identified in the early grades when they can be remediated. Studies have shown countless thousands of students graduating from high school without being able to read or write beyond their names. At George Washington University's Reading Center, Florence Hesser is trying to emphasize to teachers the need for reading courses throughout a student's school life.

HESSER. In the past we have just assumed that at fifth grade these books were in the room at the beginning of the year, we had to use this text to teach from, and all the children read from the same text. And as a result some of them are just seriously lost.

MCCARTHY. So you recommend that we start teaching reading through kindergarten and go right through the twelfth grade, if not junior college.

HESSER. Yes, I certainly do. We find here at George Washington University many people coming who have very strong intellectual abilities, high IQ's, who are not able to cope with freshman subjects because they're not reading well and have been passed through high school without this being recognized for many different reasons. Then they get to college and they're just floored.

MCCARTHY. They're floored because no one recognized they had a reading disorder early enough to start remedial training. However in recent years several specialized agencies have been established where parents of children who seem exceptionally bright but who are failing in school can take this bright youngster for a battery of tests to find out why they're not progressing. We'll go into that aspect of the dyslexic child in another report.

MCCARTHY. The tragedy of dyslexia, or specific learning disabilities, is that so few children with this disorder are detected in time to help them. In recent years, however, special centers have been set up to help the parent with an exceptionally bright but slow learning youngster. Dr. Arnold Capute, a specialist in developmental pediatrics, is in charge of the testing team at the Kennedy Institute in Baltimore.

CAPUTE. The pediatrician examines a child to see that Johnny has good eyesight, that his hearing is fine, and that he has no chronic illness. The psychologist determines how Johnny's visual interpretation system is working and his auditory system is interpreting what is heard. Then, of course, one of the most important roles is played by the educator who does achievement tests and finds out how Johnny is functioning. They will also seek methods for either teaching at the child's strengths or teaching at the child's weaknesses. The team also has a geneticist, who frequently will look at the child's inability to understand what is spoken or what he sees—he will do certain tests on the mother and the father to see if this is really of a genetic origin. The child

also goes to the hearing and speech personnel, to see if the child understands what the child hears.

McCARTHY. Social workers also visit the family to assure them their child is not dumb but does need compassion. And an opthalmologist and hearing specialist also see the child to determine whether the brain retains what it sees and hears. Then the specialists sit down and discuss each other's tests, calling in the parents to explain what is needed to help the student.

CAPUTE. Some students have such a high IQ that maybe in the fifth grade they should be reading at sixth grade level, but are only reading at the fourth grade level. And therefore we put him in either the specific learning disability or call him a reading disability. These are not children who are retarded, but these are children who have specific perceptual problems. In other words, the child who is mentally retarded is depressed in both the cognitive and the perceptual areas, while the child who has learning disability has more or less of a dissociation.

McCARTHY. Dr. Capute's testing team at the Kennedy Institute is expensive, but worth the cost if it helps the dyslexic child. Unfortunately there are too few Kennedy Institutes in the United States and too many students with undetected dyslexia, or specific learning disabilities. There is some federal help available at the state and local education level who want to do more for the student with dyslexia, and we'll talk about that in another report.

McCARTHY. Several years ago the Supreme Court ordered that every child, especially those with dyslexia or specific learning disabilities, must receive the best education possible and Congress authorized $31 million this year for special education. Unfortunately they only appropriated $3¼ million. So parents of children with specific learning disabilities must most often help the child on their own. In our first report you heard Justin.

JUSTIN. A . . . big . . . white . . . a . . . ra . . . ra . . . bit.

McCARTHY. A near genius who could hardly read or write. But after nine months of private and expensive tutoring three days a week because his school system could not provide for his needs, this is the new Justin.

JUSTIN. Me and Jimmy and Harry and Timmy. We have a dog. One day my dog was sick.

McCARTHY. In addition to tutors, private schools are available to the dyslexic or specific learning disabled child. But the cost runs from $3000 to $25,000 a year, which few families can afford. However, Mrs. Patricia Shea, Coordinator of Georgetown University's Developmental Reading Program, offers some tips on how a concerned teacher or parent can teach the dyslexic child.

SHEA. With these kinds of dyslexic youngsters, as far as any kind of program to help them overcome these difficulties, it is usually best that a program strong in phonics be initiated and carried through. But in addition they also need an integrative kind of program so that the visual, the auditory, the kinesthetic is developed at the same time.

McCARTHY. Professor Margaret Rawson, a language specialist, on her method of teaching children with dyslexia or specific learning disabilities.

RAWSON. If we can reduce the load of what he has to remember to its elements, say to the letters of the alphabet and the sounds for which they stand, and teach them the system—how those things go together—then he can afford to forget whole words and that sort of thing because if he does forget, he can always work them out again. This seems like the intelligent way to do it and it's the way that seems to have been very effective with these youngsters.

McCARTHY. In other words the child must see while he listens, while he speaks, while he writes. And in that way one portion of the brain can catch what another misses. In Justin's case there are letters made of sandpaper taped to the walls and appliances of his home so he can see, trace, feel and say the hard letter every time he passes them. All of which reinforces its recognition in the brain. This doesn't work in all cases, but it does in most, according to the experts with whom I've spoken and to whom I've taken my son, Justin, to find out why Justin couldn't read.

AEC SAFETY CLAIMS: TWO TESTS CLEARLY COMING

Mr. GRAVEL. Mr. President, it will be interesting to see who really believes the AEC's recent claim that the chance of a catastrophic nuclear accident is only one in a billion per plant per year.

An important test of that figure's credibility will be the behavior of the nuclear and insurance industries. The nuclear industry and its banking creditors should declare they no longer need insurance protection under the Price-Anderson Act, and the insurance companies should start climbing all over each other to sell as much insurance as possible on such a "safe bet." Actions speak louder than words.

THE PRICE-ANDERSON TEST

The utilities have been telling the public that nuclear powerplants are safe—but still they have refused to gamble their own assets on these "safe" plants. Even now, utilities are pressing for Government insurance-aid under the Price-Anderson Act; hearings before the Joint Committee on Atomic Energy are resuming March 27 and 28, and there will be additional hearings later.

The Price-Anderson Act, which is section 170 of the Atomic Energy Act, was passed in 1957 for 10 years explicitly "to encourage the development of the atomic energy industry."

When the act was first passed and then renewed—1965—utility representatives testified that they would build no nuclear powerplants if they had to stand fully liable for accidents.

The Price-Anderson Act set the limit for public liability at $560 million per nuclear accident, regardless of the size of the real damage, which could exceed $17 billion per accident according to papers released by the AEC in 1973. In addition, under the Price-Anderson Act, about 80 percent of that $560 million is paid to the injured parties by the taxpayers, not by the AEC licenseholder.

As millions of Americans know from utility advertisements, the electric companies now vigorously deny the basic premise of the Price-Anderson Act—that giant nuclear accidents can happen.

THE INSURANCE INDUSTRY TEST

Meanwhile, the insurance industry has voted no-confidence in "safe" nuclear power by refusing to insure our homes, businesses, and autos against damage from nuclear powerplants. Policies contain a special "exclusion clause."

As for providing public liability insurance to nuclear utilities, even a pool of insurance companies today cannot be persuaded to offer more than $110 million per accident. In exchange for this $110 million in public liability coverage, a utility pays an annual premium between $250,000 and $450,000 on each nuclear plant, according to AEC Commissioner Doub.

With 40 plants now operable, the ratio of premium to benefit suggests that the risk is far greater than one chance in a billion per reactor-year in the eyes of the insurance industry. In fact, the whole insurance industry combined refuses to sell more coverage than $110 million on these "safe" plants. Why are these companies passing up such a "safe" way to make money? At the present premium rate, utilities would have to pay premiums of about $20 million per plant per year to buy $6 billion in public liability coverage.

PLASTICS AND PRICE CONTROLS

Mr. BROCK. Mr. President, independent plastic processors manufacture hundreds of important consumer products. They employ 600,000 people directly, and the employment of another 11 million depends on the goods they produce. In Tennessee, there are over 180 independent firms in the industry, employing well over 5,000 people.

Many plastic processors now face bankruptcy and financial ruin. The Governor's office in Tennessee has estimated that over 50 percent of the firms engaged in plastics processing in Tennessee are either laying off employees or shutting down completely. Nationwide, over 500 firms have been forced out of business, and it is estimated that an additional 1,000 processors will be forced to close within 4 to 6 months.

What is the cause of this tremendous upheaval in what was once a prosperous sector of our Nation's economy? Why are some of our most prominent businessmen being forced to lay off employees, shut down plants and, in some cases, declare bankruptcy? Unsound business practices? Lack of foresight? Poor management? No, Mr. President, the fault does not lie with the individuals. Rather, it lies with a system of price controls which has made it more profitable to export the raw materials processors need than to sell them on the domestic market. The dramatic increase in the export of these raw materials, polyvinyl chloride, polystyrene, low-density polyethylene, high-density polyethylene, polypropylene, and phenolic has led to shortages for domestic processors.

Fortunately, the price controls on these goods, collectively known as plastic feedstocks, have been lifted. Naturally the domestic price will now rise until it reaches parity with the world price. However, the shortages will not end when this occurs, for the shortage has been aggravated by the shortage of petrochemical feedstocks. Plastic feedstocks are a product of petrochemical feedstocks, and a shortage of the one means a shortage of the other.

Petrochemical feedstocks, and I again underline that these are the raw materials for plastic feedstocks, are covered by the mandatory allocation program pub-

lished by the Federal Energy Office on January 15, 1974. The regulations provide for an allocation of 100 percent of the current requirements of petrochemical producers. It was assumed that plastic feedstocks would be under the allocation program as well.

Federal Energy Administrator William Simon has stated, however, that the Emergency Petroleum Allocation Act does not give him authority to allocate plastic feedstocks. Without an allocation program, of course, the effects of the shortages I have pointed out are not distributed equitably.

Let me digress for a moment to explain briefly the structure of the plastics processing industry. There are two types of plastic processors in the industry today. The first is the independent. Employing anywhere between 10 and 250 people, he buys his plastic feedstocks from whom he can, and processes them in his own plant. The second type of processor is the "captive" processor. He is a subsidiary of a major oil or chemical company. A link in an enormously large, vertically integrated business, he is in direct competition with the independent.

The problem, Mr. President, is that the major oil and chemical companies, who own these "captives," are the very same companies from which the independent must purchase his raw materials. Obviously, when a shortage occurs, the majors will supply their own subsidiaries first. The independent gets what is left over. In today's market, this may be 40 to 100 percent less than what he needs to operate at normal capacity.

Congress has tried, throughout the current energy shortage, to insure that the economic effects of it are equitably distributed. In the case of the independent plastic processors, Congress has failed to do so. I ask my colleagues to join me in cosponsoring Senator DOLE and Senator HUGH SCOTT'S bill, S. 3098, to provide for the mandatory allocation of plastic feedstocks.

ESCALATING FUEL PRICES AND FUEL SHORTAGES

Mr. ABOUREZK. Mr. President, recently, Newsday, the Long Island, N.Y., newspaper, ran a series of extremely informative and insightful articles on the Nixon administration's responsibility for the escalating fuel prices and widespread fuel shortages.

The articles written by two young investigative reporters, Bob Wyrick and Brian Donovan, reveal that "a series of early Nixon administration decisions favoring major oil companies led to fuel shortages that could have been avoided and sent fuel prices soaring—well before the Arab oil embargo."

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

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

[From the Sunday Newsday, Mar. 10, 1974]

NIXON AND THE OIL GIANTS: HOW TOP AIDES IGNORED ADVICE AND AIDED BIG OIL

(By Bob Wyrick and Brian Donovan)

(NOTE.—Big oil companies have benefited from a series of decisions by the Nixon administration. In a two-part series, Newsday reviews these actions, some traced to 1968 campaign promises, which contributed to the present fuel shortages and soaring gas prices long before the Arab oil embargo. Here is Part I.)

A series of early Nixon administration decisions favoring major oil companies led to fuel shortages that could have been avoided and sent fuel prices soaring—well before the Arab oil embargo.

A Newsday investigation shows a pattern of close political ties between top Nixon administration officials and the oil industry leading to a series of three key policy decisions in 1971 and 1972 that brought about the shortages.

Those decisions were made while the President's reelection campaign fund-raisers were collecting contributions of about $5,000,000—some of them illegal—from oil companies and their executives.

The Newsday study shows that those decisions were part of a history of administration actions that benefited big oil interests and helped keep fuel prices high for the American consumer.

The shortages that began developing in 1972—when ample oil actually was available on the world market—primarily hurt the smaller, independent companies whose cut-rate marketing used to serve as a check on the major corporations' prices. As a result, the big companies' profits began to soar months before the embargo cut supplies and price competition even further.

The top Nixon officials who played roles in important oil matters included:

Former Vice President Spiro Agnew, who solicited contributions to his and Nixon's 1968 campaign by promising oil executives in a private meeting that Nixon, if elected, would kill an oil-imports plan opposed by major oil interests. That promise was kept.

Former Attorney General John Mitchell, who tried to squelch a 1970 presidential task force report calling for lower fuel prices, in a move that one official charges was blatantly political; and who later granted several major oil companies controversial antitrust exemption. Mitchell, a top Nixon political adviser for years, served as campaign manager during both Nixon campaigns.

Former Commerce Secretary Maurice Stans, who took part in carrying out Agnew's 1968 promise, backed up Mitchell on the task force issue, then became Nixon's chief 1972 campaign fund-raiser. Both Stans and Mitchell are now on trial for allegedly trying to win favors for a major Nixon contributor, in a case unrelated to oil matters.

Presidential Assistant Peter Flanigan, still one of Nixon's chief energy advisers, who influenced the 1971 and 1972 decisions that led to shortages. A former Wall Street investment banker, Flanigan acknowledged in an interview that he had had extensive business ties with the oil industry before joining the administration. He denied any conflict of interest.

Administration spokesmen say that the controversial decisions were made for reasons of "national security," to keep the U.S. from becoming too dependent on foreign oil. But a number of oil experts—including some in the government—contend that the policies actually worked against the interests of national security and left the country even more vulnerable to the Arab embargo.

The Newsday inquiry also discovered unpublicized government documents showing that:

A full year before the embargo, a State Department energy official urged large fuel-price increases to stimulate new oil discoveries. The official wrote: "The cost would be placed where it should be—directly on the consumer." And that is what the administration did.

The administration delayed a decision on whether price controls were aggravating last winter's heating-oil shortages after a top Price Commission official warned that the required public hearings could embarrass the administration politically. Although other officials were calling for prompt action, the hearings were stalled.

A former Nixon oil-policy told Senate investigators confidentially last November that major oil companies were exploiting the shortage to drive up prices and hurt independents. But in public Senate testimony a month later, he generally defended the administration and did not mention those points.

The decisions that began the shortages involved the politically sensitive issue of oil imports. In 1959, the Eisenhower-Nixon administration, with oil industry support, set up a system of strict quotas on how much foreign oil could be brought into this country.

Under that program, annual oil imports into all parts of the U.S. east of the Rocky Mountains could not total more than 12.2 per cent of domestic oil production. For the West Coast, with much less producing capacity of its own the percentage rule was not applied; instead, import levels were adjusted periodically to balance supply and demand.

The system served to keep imports low. During the 1960s, foreign oil, on the average, accounted for only about 20 percent of U.S. consumption. The biggest suppliers were Canada and Venezuela. At that time, Arab oil imports totaled only about one per cent of American demand.

The nation's demand for oil products grew dramatically during that decade. From 1960 to 1970, the demand rose from 9,798,000 to 14,697,000 barrels a day (A barrel holds 42 gallons). But as long as U.S. oil fields had the capacity to satisfy most of that demand, the quota system worked without producing national shortages.

The oil industry supported the system with vigorous lobbying and heavy political contributions. The reason was simple: Foreign oil was substantially cheaper then than oil drilled in the U.S. If large supplies of foreign oil had been allowed into the American market, prices would have been forced down. So the quotas let the huge international oil companies such as Exxon and Mobil sell their domestic oil at an artificially high price while using their foreign oil holdings to develop new markets abroad.

But in 1971 and early 1972, the Nixon administration was about to fall sharply behind demand, indicating a need for substantially more imports. The first of those warnings, documented by statistics, came in an August, 1971 study by one of the government's own oil economists. In January, 1972, a state official from Louisiana, one of the biggest oil producing states, delivered essentially the same message in personal meetings with Nixon and Flanigan.

But government records show the administration disregarded those who were calling for import increases large enough to provide a significant safety margin against a shortage. Instead, the government allowed only modest increases—choosing, in effect, to risk a shortage rather than a surplus that could have forced down fuel prices.

The first such decision came in November, 1971. It caused the nation's fuel inventories to drop sharply within a few months.

The second came in April, 1972. By then, many of the smaller, independent oil companies were warning that only substantially higher imports could assure adequate supplies for the consumer and health competition in the industry. But again, the administration allowed only the smaller import increase advocated by major firms.

The third decision, in August of 1972, led directly to last winter's heating oil shortages by giving the big oil companies the opportunity to hold back supplies and wait for prices to go up, as they did shortly afterward.

The oil companies deny that they deliber-

ately fostered the shortages. They blame the country's energy problems on a variety of factors, among them government restrictions on offshore drilling, delay of the Alaska pipeline, gas-guzzling modern cars, price controls on natural gas, environmental objections to new refineries, and steadily increasing fuel consumption caused by America's growing population and rising living standard. And to be sure, all those issues, and many others, are part of the broad question of how the country can meet its long-range energy needs.

But Nixon oil officials did not have to resolve the nation's total energy problem in order to avert the fuel shortages that began in 1972. The question then was a simpler, short-range one: how much foreign oil should be allowed into the U.S. to make up for reduced domestic supplies?

While the decisions on that question were being made, Flanigan or one of his assistants regularly sat in as White House observers on meetings of the Oil Policy Committee, an interagency group responsible for recommending quota levels.

Flanigan's real role, however, went beyond that of an observer. Records show that the committee's chairman "cleared the rationale" for the November, 1971 decision with Flanigan. With the backing of major oil companies, Flanigan then advocated what turned out to be another inadequate increase when the quotas were increased the second time. The final authority for all three decisions, of course, rested with Nixon himself.

The Nixon administration's reluctance to make significant changes in the oil import program, supported fervently for years by powerful oil interests, was not surprising. It appeared to flow logically, in fact, from a pattern of decisions that began even before Nixon took office.

THE MACHIASPORT CASE: AGNEW MAKES A PROMISE

On Oct 21, 1968, vice presidential candidate Spiro T. Agnew appeared before a select group of oil company executives at the Petroleum Club in Midland, Tex., to seek contributions for the Nixon-Agnew campaign.

The Texas oil producers were vitally interested in stopping an application to the federal government by the State of Maine that would have created a duty-free trade zone for oil imports at Machiasport, Me. The free trade would have allowed Occidental Petroleum Corp. to build an offshore refinery at Machiasport and bring in cheap Libyan crude oil to supply fuel-pinched New England.

Nothing in Agnew's background qualified him as an oil expert. But as a politician, he knew the oil men in the audience were afraid that if the Machiasport plan was approved it would be the first step in letting in cheaper foreign oil and would eventually force down the price of domestic oil and hurt them in the pocketbook. So Agnew made a promise.

"Agnew said that if he and Nixon were elected they would kill Machiasport," said Walter B. Davis, then a vice president in Occidental Petroleum, who was in the audience. The news of the Agnew promise leaked in a column by the late Drew Pearson, but received scant attention in most of the news media at the time.

Although Agnew recently refused to be interviewed about Nixon's oil policy, Newsday independently confirmed that the promise was made by contacting Davis and Jack Bradford, president of the 300-member Petroleum Club. Bradford said the club did not keep records on how much was collected that day from club members, but he said, "Nixon got a ton of money out of us out here."

It is impossible to determine how much oil money the Nixon campaign collected for the 1968 election because of the inadequacy of campaign reporting laws at that time. But an indication is furnished by the Citizens Research Foundation of Princeton, N.J., which surveyed contributions made by oil executives who were serving as directors and honorary directors of the American Petroleum Institute, the industry's main trade organization. The survey showed that Republicans (including Nixon) received $429,366 from officials of the trade group, while Democrats received only $30,606.

The Machiasport promise was the first known commitment made to the major oil interests from what was to become the Nixon administration.

THE PROMISE IS KEPT

It was not a simple matter for the new Nixon administration to make good on Agnew's promise. In January, 1969, in the final days of the Johnson Administration, a sub-cabinet level group called the Examiners Committee of the Foreign Trade Zones Board, already had recommended unanimously that the Machiasport application be approved. And on Feb. 10, before the Nixon administration had gained time to pull itself together, the Committee of Alternates of the Foreign Trade Zones Board (a higher level group made up of deputy secretaries), also had unanimously approved the Machiasport proposal.

That left the final step in the decision squarely in the lap of the Foreign Trade Zones Board, which is comprised of the secretary of commerce, who is chairman, the secretary of the treasury and the secretary of the Army. Nixon's new Secretary of Commerce was Maurice Stans, who had distinguished himself as a Nixon campaign fundraiser in the 1968 campaign. Nixon credited Stans with raising more than $20,000,000; Time magazine said he raised $34,000,000. In either case, it represented the largest amount ever raised for a presidential campaign up to that time.

It was Stans who made good the Agnew promise. What Stans did on Feb. 28, 1969 was to abruptly cancel a scheduled meeting of the Foreign Trade Zones Board at which the Machiasport issue was to be decided. On canceling the meeting, Stans said the Machiasport decision would be delayed until President Nixon had an opportunity to review U.S. oil-import policies.

It marked the first time in 27 years that the Foreign Trade Zones Board had failed to approve an application that had received favorable recommendations from both of the board's sub-cabinet level groups. The Machiasport project has been on the shelf ever since.

OIL TASK FORCE FORMED: INDUSTRY APPLIES PRESSURE

On March 27, 1969, two of the oil industry's leading spokesmen urged Nixon to establish a cabinet-level task force to study the oil-import program. The two spokesmen were Michael L. Haider, retired board chairman of Jersey Standard (now Exxon) and chairman of the American Petroleum Institute, and Frank N. Ikard, the president of the institute.

Nixon followed their suggestions and set up the task force to review U.S. oil-import policies. The so-called 1970 Task Force on Oil Import Quotas has a mandate from Nixon to determine whether any changes should be made in U.S. import restrictions on oil. The major oil companies and the independent domestic producers wanted to keep imports as low as possible to keep prices high. But the new task force, headed by then Secretary of Labor George P. Shultz, quickly began following a course that alarmed big oil interests, and it looked for a while as if neither the oil companies nor the Nixon administration could control it.

By the fall of 1969, the task force staff had produced a preliminary report that called for a tariff program that would let cheap foreign crude oil flow into the U.S. at a rate that would drive down American oil prices from about $3 to $2 a barrel. The thrust of the report was that America needed more competition to stay healthy and provide a fair shake for consumers.

Jim Collins, formerly Washington bureau chief for the industry-oriented Oil Daily, recalled the industry reaction. "They went right up the wall," he said. But not everyone who got excited about the way the task force was headed came from the oil industry. At the final meeting of the task force on Dec. 15, 1969, then Attorney General Mitchell, who previously had delegated his work on the task force to a subordinate, showed up in person to make a request of the task force members about the politically sensitive matter of oil imports. His comments would have pleased major oil company executives, had they been present.

Mitchell warned the task force, "Don't put the President in a corner," said S. David Freeman, a staff member of the task force who was present at the meeting. Roland S. Homet, who was general counsel for the task force, said that Mitchell's interference was strictly political, and that it became obvious after a few exchanges that Mitchell had no understanding of the issues involved. "It was blatant what he was doing, and he did it so crassly that it had no effect," said Homet, now a private attorney in Washington. "He [Mitchell] said you've got to give the President some options."

Stans, on one occasion at least, also expressed concern that the task force seemed firm in its resolve to recommend lowering domestic oil prices, according to Homet. In what started as a casual conversation between Homet, Shultz and Stans, "He [Stans] said, 'Did you realize that there are political implications in all this?' to me and Shultz." Homet recalls. "Shultz said, 'Oh, really?'" After a brief staring-down period, Stans dropped the conversation, Homet said. "Those of us who worked with Shultz have a marvelous respect for the man," said Homet. "He kept us insulated from politics and that's why we were able to turn out the kind of report we did." Both Mitchell and Stans have declined interviews about their roles in administration oil policy. Shultz was not available for an interview.

Between the last meeting of the task force and the release of the final task force report in January, 1970, the oil industry was conducting an intense lobbying effort to head off the tariff proposal. In November, 1969, the oil industry's chief spokesman paid a visit to the White House. The spokesman was American Petroleum Institute chairman Haider, who originally had suggested creating the task force. Now he came to argue against the task force's findings. Flanigan told Newsday that he, Haider, and the President met together to discuss import quotas.

Flanigan said that he does not recall the thrust of Haider's remarks at the meeting but said that the President was eagerly soliciting views of persons who were knowledgeable about oil and Haider was, he felt, one of the more knowledgeable persons around at the time. The Oil Daily reported that Haider emerged from the meeting "feeling more optimistic" and expressing a belief that "Nixon has a good grasp of the problems surrounding oil-import controls and [Haider] is more confident that the outcome will be favorable."

James W. McKie, who was chief economist in charge of putting out estimates for the task force, told Newsday, "We were bemused that we were bypassed and that somebody [Haider] got direct access to the President like that."

Ed Erickson, a former member of the task force staff, felt that Haider's visit marked the turning point. "It was at that meeting that the decision was made not to relax the quota system," Erickson said. Asked how he became convinced of this, he replied, "From

reading the body english of the people I was negotiating with in the industry," he said. "They stiffened. They knew something we didn't know, and we knew we'd lost the ballgame."

NIXON OVERRULES SHULTZ: MORE IMPORTS REJECTED

The final task force report, although modified and softened somewhat from the staff report, still was completely unsatisfactory to the oil industry. It called for abolishing the industry-supported import quotas and replacing them with a system of tariffs—in effect, a tax—on oil imports. The recommendation, if adopted, would have opened up the flow of cheaper foreign oil into the U.S. and brought down domestic prices.

The report was an embarrassment to the Nixon administration, which had to figure out a way to ignore its own task force's suggestions without seeming to ignore them. And that was a job for Peter Flanigan.

On Feb. 20, 1970, Flanigan held a press conference to release the report and field questions about it. He told reporters that Nixon would follow task force recommendations in those cases where they were unanimous. But the section on dropping the quotas, while approved by a majority of task force members, was opposed by Commerce Secretary Stans and Interior Secretary Walter J. Hickel. Therefore, Flanigan said, that recommendation would not be acted on until the administration gave it further study.

While conceding that the report was the best study ever made of U.S. oil imports, Flanigan hammered away during the press conference on the theme of "national security," saying that the U.S. had to make sure that abolishing the quotas would not weaken the domestic oil industry and endanger the country's ability to get oil in emergencies.

But Flanigan's "national security" arguments were not supported by the Central Intelligence Agency. At the time of Flanigan's press conference, Newsday has learned, the CIA had already studied the tariff question and advised the task force in a confidential report that it was "highly unlikely" that a tariff system would threaten the country's foreign oil supplies in a crisis, even in the event of an Arab-Israeli war—which the CIA said was likely to occur.

In fact, the task force report covered the same question Flanigan was raising. To avoid becoming too dependent on Mideast oil, the report recommended, the U.S. should limit imports from Arab countries to 10 per cent of total U.S. crude oil use. But Flanigan did not mention either that point or the CIA's findings.

Ironically, the country later became more dependent on Arab oil than it would have if the task force recommendation had been adopted. The Arab oil embargo that began last October has caused shortages of 14 to 17 per cent of total demand, according to government estimates.

"The report recommends phased-in adoption of a preferential tariff system that would draw the bulk of future imports from secure Western Hemisphere sources," Shultz told a Senate subcommittee on antitrust and monopoly March 3, 1970. "A ceiling would be placed on imports from the Eastern Hemisphere. These would not be allowed to exceed 10 per cent of U.S. demand."

Shultz told the subcommittee: "A majority of the task force found that the present oil import system does not reflect national security needs, present or future, and 'is no longer acceptable.' Its 12.2 per cent limitation on imports . . . has no current justification. Besides costing consumers an estimated $5 billion each year ($8.4 billion per year by 1980), the quotas have caused inefficiencies in the marketplace, have led to undue government intervention, and are riddled with exceptions unrelated to the national security."

Nixon did not see it that way at all. In August, 1970, after the initial furor over the task force report had died down, the President announced, in a move applauded by the oil industry, that he would not replace the quota system with tariffs. Retired Gen. George A. Lincoln, the director of the Office of Emergency Preparedness who had originally supported the tariff idea, had turned 180 degrees by the time the President's decision was announced and, by August, said he was in favor of keeping oil-import quotas.

Some task force members believe Flanigan "orchestrated" the opposition to the majority report of the task force, according to Erickson. Flanigan denied it.

The major task force recommendation that succeeded in getting presidential approval was the recommendation that an Oil Policy Committee (OPC) be established to oversee the import program. Nixon created this committee and named Lincoln as its chairman. The task force itself went out of business and most of its cabinet-level members were named to the new committee. But not Shultz, who in the words of one task force staffer had "tried his best and failed." Shultz was replaced in his oil policy role by Mitchell.

The rejection of the tariff proposal marked the second major decision by the Nixon administration that favored the position of big oil. But the major oil companies still were not completely happy. During 1969, independent refineries, with their more efficient marketing systems, had challenged the majors on the open market in a series of bitter gasoline wars. And the independents were winning.

Earnings for most major companies declined in 1969, while the rate of sales increase for the independents was three times that of the majors. Coupled with these annoying inroads from smaller competitors, was the fact that the major American oil companies were having trouble with their host countries in the Mideast. The big companies wanted help, and the man they turned to was John Mitchell.

THE MITCHELL LETTER: CARTEL'S CARTE BLANCHE

In January, 1971, John McCloy, a New York lawyer who represents major oil interests, called Mitchell and asked him to send somebody to New York to pick up a copy of an agreement reached by the oil companies that required government approval. Mitchell promptly dispatched two high-ranking officials to New York to fetch the papers. They returned with an industry agreement that one source said caused the Justice Department's antitrust division staff to have "apoplexy."

What the major oil companies asked for, briefly, was assurance from the Justice Department that it would not prosecute under antitrust laws if the companies formed a cartel to bargain jointly with the newly formed Organization of Petroleum Exporting Countries. (OPSC). This assurance was to be given in the form of a departmental "business review letter."

The primary target of the oil company agreement was Libya, which was setting a bad example for other Mideast countries by unilaterally raising prices. Prior to 1970, the oil companies effectively dictated the prices they would pay OPEC nations for their oil. Libya broke the mold when it demanded and received a whopping increase in price from Occidental Petroleum, which was more vulnerable than the majors because the bulk of its holdings were concentrated in Libya.

The majors, fearing that Libya's lead would be followed by other OPEC countries, worked out a "safety net" agreement with Occidental and other Libyan independents which basically stated that if Libya cut back on the independents' production, the majors would make up the difference by supplying the independents from their sources. In return, the independents agreed not to negotiate any price increases to Libya unless they first were approved by the majors, according to investigators of the Senate subcommittee on multinational corporations.

The subcommittee, headed by Sen. Frank Church (D-Idaho), currently is conducting an investigation to determine whether the letter, which Mitchell agreed to write, was used by the oil companies to jack up international oil prices. A subcommittee staffer told Newsday that the logic behind the Mitchell letter was flawed because it "assumed that the companies and the countries were in opposition, instead of realizing that both the companies and the OPEC countries had a joint interest in higher crude prices."

Oil executives deny any assertion that they practiced monopolistic pricing, but the fact remains that international oil prices and oil company profits rose steadily after Mitchell allowed the formation of the cartel in January, 1971. Major oil company profits, which had declined steadily since 1968, jumped 8.2 per cent in 1971. After negotiations began between the cartel and OPEC, prices of imported crude oil jumped according to government figures from $2.71 in 1970 to $3.17 a barrel in 1971. $3.34 a barrel in 1972 and $4.39 a barrel in 1973 before the Arab oil embargo took effect.

Mitchell's letter was classified as secret on the ground that its disclosure would damage U.S. foreign relations.

OIL MONEY AND OIL INFLUENCE

At about the same time the Mitchell antitrust letter was written in January, 1971, the Finance Committee for the Reelection of the President was established. It became the most efficient campaign fund-raising organization the U.S. has ever seen. The committee collected $60,200,000—$5,000,000 of it from oil interests.

Testimony before the Senate select Watergate committee indicates that Mitchell, who resigned March 1, 1972 to manage Nixon's campaign, actually assisted in the finance committee's 1971 fund-raising efforts from oil executives while he still held his cabinet post.

The case in point involves an executive of Gulf Oil Co., one of the companies helped by the Mitchell letter. The executive, Claude C. Wild Jr., Gulf's vice president for governmental relations, told the Senate committee that he was approached in early January or February of 1971 by Lee Nunn, then staff director for the Republican Senatorial Campaign Committee who resigned April 1, 1971, to work full-time on Nixon's reelection. Wild testified that Nunn asked him "if I could get $100,000 in their hands one way or the other," and suggested that if Wild wanted verification he should contact Mitchell.

Wild said that a friend of his who represented tobacco interests in Washington was similarly approached by Nunn. He said that he and his friend went together to Mitchell's office in the Justice Department in April or May of 1971 for a meeting. Mitchell verified that Nunn was going to participate in the Nixon reelection effort and said "that he had full confidence in Mr. Nunn," Wild testified.

Wild said that after the Mitchell meeting he gave Nunn an illegal corporate contribution of $50,000. But Nunn approached him again in January, 1972, and suggested that he contact Stans about the possibility of giving another $50,000. At the meeting, which Nunn set up, Stans "indicated that he was hopeful

of obtaining $100,000 from the large American corporations . . . [and] he said he would like [another] $50,000," according to Wild.

Gulf's second illegal corporate contribution of $50,000 was delivered personally to Stans, who had resigned from Commerce to head up the financial side of the Nixon reelection effort, according to Wild, who testified: "Any time anybody, either a person in office or his agent, solicits you for funds there is a certain amount of pressure. In the instance [of the reelection committee], I dealt with two cabinet officers. This was, I guess I am a weak soul but anyway I did succumb to that . . . made a mistake in judgment . . . which I regret, shall regret."

Another oil executive, Orin E. Atkins, chairman of the board of Ashland Oil Inc., told the Watergate panel that he bowed to Stan's request for $100,000 on March 27, 1972 because he wanted to get a foot in the door at the White House so he could express his company's views to the administration. Atkins testified that Stans asked him to make the contribution prior to a new campaign reporting law that went into effect April 7, 1972, so that it would be kept secret.

Atkins denied that his company got any direct benefit from the contribution, although exhibits at the hearing showed that Atkins wrote a business associate to say: "There was a good business reason for making the contribution and, although illegal in nature, I am confident that it distinctly benefited the corporation and the stockholders." Atkins refused to discuss the contribution with Newsday.

The second largest amount in secret (although not illegal) contributions collected from members of a single oil firm was $211,000, which came from executives of Amerada Hess Corp., of New York. Amerada Hess President Philip Kramer denied that there was "any relationship" between the contributions and the fact that 10 months after they were made the White House altered oil import quotas in a way that uniquely benefited Amerada Hess. The White House action provided a huge increase in the quota for refined fuel oil permitted to enter the continental U.S. from the Virgin Islands. The only oil refinery in the Virgin Islands is owned by Amerada Hess, which is currently expanding it to increase production from 400,000 barrels per day to 580,000 barrels per day.

There were numerous indications that Stans was pushing to keep the source of contributions secret. Two days before the April 7 disclosure deadline, Roy Winchester, vice president of Pennzoil Company (an oil and gas firm), stuffed $700,000 into a suitcase and flew from Texas to Washington in a Pennzoil plane to personally deliver the money to Nixon's reelection committee. Included among the $700,000—raised mostly from Texas oil men who wanted their identities kept secret—was $100,000 in illegal oil corporation funds that had been "laundered" in Mexico. Most of the $100,000 later wound up in the bank account of Bernard Barker and apparently was used to help finance the Watergate burglary.

While the oil money flowed into the Nixon campaign, Presidential Assistant Flanigan met frequently with oil company executives to discuss imports and other policy matters. But Flanigan told Newsday he was not aware at the time of which executives were contributing. Of the illegal gifts, Flanigan said: "I was appalled to hear that those corporate officers were stupid enough to violate a law they must have known of."

OLD FRIEND OF OIL INDUSTRY HELPED SHAPE NIXON POLICY

Presidential Assistant Peter M. Flanigan, who has played an important role in shaping Nixon administration oil policy, had extensive business ties with the oil industry for years before taking his White House post.

Flanigan, a top Nixon adviser since 1969, influenced government decisions that led to fuel shortages and higher fuel prices. A Newsday investigation did not find any evidence that his official actions were taken to benefit specific companies he had dealt with during his business career. But the policies he helped create did benefit big oil interests in general. And Flanigan made it clear, in an interview, that he generally agreed with major oil company views and felt their current profits were fully justified.

"I don't give a damn about the oil companies," Flanigan said. "But if the oil companies don't get enough profits, the consumer isn't going to get what he wants, which is gasoline."

Before joining the Nixon staff, Flanigan was a vice president of a large Wall Street investment banking firm, Dillon, Read & Co. Inc. The firm is the third largest underwriter in the U.S. for the financial ventures of oil companies, according to a recent study by a Washington consulting firm, Stanley R. Ruttenberg and Associates Inc.

The consultants' findings, which have been confirmed by Newsday, show that since 1958, Dillon, Read & Co. has handled securities issues that raised at least $733,000,000 in capital for four large oil company clients: Texaco, Union Oil of California, Ashland Oil and Amerada Hess. Flanigan, who joined Dillon, Read & Co. in 1947, worked in the firm's corporate finance section, which arranges such deals.

During his career with the firm, Flanigan said he had also:

Helped put together financial deals for another Dillon Read client, Texas Eastern Transmission Corp., a large oil and natural gas exploration and pipeline company. Texas Eastern is now seeking the administration's permission to import liquefied natural gas from the Soviet Union.

Served on the board of directors of United Gas Corp., another natural gas pipeline company, before it merged with Pennzoil Co. in 1968.

Helped set up oil tanker leasing corporations and handled other financial matters for Union Oil of California. Flanigan's father is a former Union Oil director.

Under Nixon, the 50-year-old Flanigan operates as the administration's chief contact man with big business interests, and he also has held key positions in the White House's energy policy bureaucracy. Flanigan said that he no longer has an interest in Dillon Read and owns no oil-related stock. He said he had no prejudice in favor of big oil.

But in a two hour interview, Flanigan's views on oil issues paralleled those of major oil companies on virtually every point. He said that the oil industry was highly competitive, not monopolistic; that he saw no evidence that oil companies had contrived the current shortages; and that price controls on natural gas should be abolished. He described as a "fallacy" the idea that consumers and oil companies necessarily had conflicting interests.

In the interview, Flanigan left open the possibility that he would return to Dillon Read after leaving the government. But he said he had no agreement with the firm. Any White House decisions benefiting the oil industry also could stimulate business for Dillon Read.

A conservative Republican, Flanigan worked in two Nixon presidential campaigns before leaving Wall Street for Pennsylvania Avenue. During the 1960 campaign, he organized a nationwide citizens operation called Volunteers for Nixon-Lodge. He took a leave of absence from Dillon Read in 1968 to serve, under John Mitchell, as Nixon's deputy campaign manager. He said he had no role in the 1972 campaign, which raised oil contributions totaling about $5,000,000.

Flanigan's job in the 1968 campaign did not involve soliciting contributions, he said. But he added that he had encouraged associates on Wall Street and in the business community to support Nixon financially. He told them, he said, that if they failed to contribute, "they would be derelict in their duty."

[From Newsday, Mar. 11, 1974]

NIXON AND THE OIL GIANTS: THREE LOST CHANCES TO AVERT THE FUEL CRISIS

(By Bob Wyrick and Brian Donovan)

(NOTE.—Yesterday's report outlined a series of early Nixon administration actions that benefited big oil companies. These actions were the beginning of a pattern of decisions, well before the Arab oil embargo, that would eventually lead to fuel shortages and higher fuel prices. Among the top Nixon officials who played roles in those actions were former Vice President Spiro Agnew, former Attorney General John Mitchell, former Commerce Secretary Maurice Stans and presidential assistant Peter Flanigan, still serving as a key White House energy adviser. Today's article, the second of two parts, details the three decisions that began the shortages and the price spiral.)

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, Nixon's administration had consistently protected their interests. And the pattern had begun, in fact, even before Nixon took office.

It was during the 1968 campaign, as Newsday reported yesterday, that then-vice presidential candidate Spiro Agnew, seeking contributions, met privately with Texas oil men and promised that Nixon, if elected, would kill an oil-imports plan opposed by major oil companies.

That promise had been 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 Attorney General 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 $5,000,000 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 Nixon 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, Nixon officials took the first choice.

In an interview with Newsday, Dr. Joseph Lerner, the Federal Energy Office's senior economist, summed it up this way: "In effect, they were practicing brinkmanship."

NOVEMBER, 1971 DECISION 1—AN ECONOMIST IGNORED

In August of 1971, another government economist named Phillip Essley made a prophetic prediction. It had serious implica-

tions 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.

What Essley predicted, in 24 pages of facts and charts, was 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."

Exactly why Essley's study was disregarded remains unclear. Later, other officials of the Office of Emergency Preparedness would acknowledge that he was the agency's most qualified analyst. Essley had worked as an executive of three oil companies, and held a master's degree from Harvard Business School. When Senate investigators tried to answer the question last year, they were told conflicting stories, with Lincoln saying he never saw the study and other emergency-preparedness officials saying he must have.

Essley's report was significant in another way. His prediction meant that a safety margin the nation had once enjoyed was about to disappear. Soon, federal oil officials would be operating in a situation where the smallest miscalculation of import levels could promptly plunge the country into a shortage. And since Essley's forecast was accurate, that was precisely what happened.

The safety margin had been provided by a system set up years before in Texas and Louisiana, the two main oil-producing states. Under that system, called "pro-rationing," state agencies controlled the rate at which oil could be pumped from wells. If demand began outrunning supply, the states simply boosted the pumping rate, and a new supply of oil would be flowing into the nation's refineries within 10 days.

But if the wells were opened up to the maximum rate and still could not satisfy demand, as Essley accurately predicted, the safety cushion of pro-rationing would disappear. Then the federal government could avoid shortages only by getting rid of the import quotas entirely or by making sure that the annual levels were set high enough to satisfy demand for the coming year.

The coming year, of course, was 1972—a presidential election year. Nixon already had shown in 1970 his unwillingness to scrap the quota system. But shortly after the Essley study was circulated, another emergency-preparedness staff paper suggested a procedural change. The paper recommended that the old mathematical formula for setting quota levels—basically slanted toward keeping imports low—should 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. Essley described the meeting in which the staff got the news: "Lincoln [the agency's director] simply walked in and said, 'I don't think we'll have any trouble selling a 100,000 barrel per day increase. Everybody put their [supply-demand] balances back in their pockets . . .' "

Both Lincoln and Flanigan told Newsday that the White House had played no important role in that decision. But in fact, Lincoln wrote a memo for his private files saying that he had "cleared the rationale" with White House assistant Flanigan.

After shortages began, the Senate investigations subcommittee carried out an extensive inquiry into how they started. At a hearing last fall, chief investigator LaVerne Duffy traced the origins to that 1971 decision. The import increase, he said, "was very low, and events have shown it to be the single most important factor in the tight crude oil supply situations of 1972 and early 1973."

APRIL 1972: DECISION 2 KEEPING SUPPLIES TIGHT

The problem began inconspicuously, little noticed by the press or the public. There were no gas station lines, no energy czars. But it was then, early in 1972, that the country's fuel shortages started—directly resulting from the administration's decision the past November to keep a tight rein on imports. The first to notice what was happening were the nation's smaller, independent oil companies.

Up to then, things had looked rosy for those companies. 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 help 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 exactly 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 vigorously.

In February, for instance, Clark Oil sent a letter to the Office of Emergency Preparedness calling for a 350,000 barrel per day increase in imports. The company warned that the accelerating shortage "would literally destroy . . . independent refiners if action is not 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, 'Look, we think we're doing fine, and we don't buy what you're saying.' " In January, Nixon also got a personal warning that domestic oil production was failing to meet demand. J. M. Menefee of Louisiana, then the state's chief official in charge of monitoring oil fields, met with the President and Flanigan. He told them, he said, that Louisiana wells were yielding less and less oil.

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 Office of Emergency Preparedness 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 emergency preparedness 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. One company, Mobil, suggested raising imports enough to let Texas and Louisiana cut back production and return to the old pro-rationing system, which had helped balance supply and demand.

The Oil Policy Committee met on April 25 to decide how large the increase should be. Flanigan sat in. Records of that meeting show that 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 overall U.S. oil industry, and discouraged exploration. Moreover, Flanigan said, he did not feel that any serious shortage 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 import decision, and industry reports showing the trend were easily available to the White House at the time.

As a consultant to the Senate investigations subcommittee, Dr. Fred C. Allvine of Georgia Tech, coauthor of two books on gasoline marketing, did a detailed report last year concluding that the pre-embargo shortages were "largely avoidable." If inventories had been kept "at higher and more comfortable levels," Allvine wrote, the embargo would have had a less drastic impact, at least in its early months.

But, in fact, the opposite process was already in motion. Once again, the administration had acted to keep supplies tight, and by the end of Mar, 1972, inventories had dropped below the levels of the previous three years.

AUGUST, 1972: DECISION 3 SELF-BORROWING FAILS

By late summer of 1972, some oil companies, particularly the smaller ones, had used up 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 Nixon on Sept. 18, 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 al-

lowances for the following year. The limit was 10 per cent of 1973 quotas.

In effect, the industry was being asked to borrow from itself. It could, if it wished, import additional oil and sell it during 1972. Or it could ignore the plan, which was voluntary, and wait until 1973, when prices might well be higher.

The result was predictable: Only 35 per cent 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.

Of course, no company has ever admitted that it deliberately withheld fuel from the consumer to wait for higher prices. But the borrowing plan not only gave the companies an opportunity to do exactly that, but also provided a built-in explanation: Why, the companies asked, should they have stepped up 1972 imports at the expense of 1973 supplies?

Since then, two former senior Nixon oil-policy officials have expressed doubts about the credibility and motives of the big oil companies as the shortages developed. One was Office of Emergency Preparedness director Lincoln, now retired. In an interview, Lincoln said that three companies, which he would not identify, had written him in 1972 promising they would take full advantage of the borrowing plan. Later, he said, he discovered they had not. "This is the problem you get when you're dealing with the oil industry," Lincoln said.

The other official was Elmer Bennett, who served as the Office of Emergency Preparedness's general counsel while the three key import decisions were made.

Last November, after he had left the agency, Bennett had a private interview with staff members of the Senate investigations subcommittee, which was getting ready to hold hearings on the shortages. An unpublished memo in the committee's files quotes Bennett as saying that major oil companies had exploited the shortage. "He pointed out that industry not only used the shortages to pressure government into increasing the price of fuel oil, but to also clean up the problems that they had with the independent price marketers," the memo says.

That question—whether oil companies had taken advantage of tight supplies—was one of the main topics explored in the subcommittee's public hearings. Yet, when Bennett testified last December, he was not asked about the subject and did not volunteer his views. Instead, he generally defended the administration's handling of import questions.

A spokesman for Sen. Henry Jackson (D–Wash.), the subcommittee chairman, said Bennett was not asked about oil company actions because the subcommittee felt the point already had been documented. Bennett said he had not brought up the subject because he felt the administration had already solved the independents' problems with supply allocation rules in the spring of 1973. In fact, those rules were not issued until last January, a month after Bennett's testimony.

ONWARD TO CRISIS: THE CONSUMER PAYS

As the election approached toward the end of 1972, the three Nixon administration decisions had combined to create inventory shortages that would worsen as the year drew to a close, causing 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 between 20 and 40 per cent 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. And 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 10,000,000 barrels a day. Increasing the price to $4 a barrel would have meant roughly $6,000,000 a day to the oil industry or $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 per barrel. At the time Arab embargo hit, new oil was selling at $5.60.

Mau said that he was "appalled" and "amazed" that Newsday had obtained the document. He insisted that 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."

THE POLITICS OF STALLING

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 during that period about a severe heating-fuel shortage in the Midwest which was closing schools and causing general discomfort. 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 they were about 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. On Nov. 29, Lincoln discussed the problem with presidential assistant Flanigan, pointing out that responsibility for adjusting heating oil prices rested with Neeb's commission. According to a memo Lincoln wrote for his files, Flanigan "expressed confidence in Neeb and indicated that perhaps we should wait to see what Neeb comes up with."

Neeb promptly came up with a suggestion that showed more concern over the Nixon administration's public image—and that of the oil industry—than over the danger of a shortage. On Dec. 6, in a memo stamped "confidential," Neeb sent a warning to James W. McLane, deputy director of the Cost of Living Council: "We do face a potentially embarrassing situation in the heating oil [shortage] which could be embarrassing to the administration . . . My analysis is that there would be some increase in heating oil production if the Price Commission could move quickly on some price relief."

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 administrtaion," 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."

Neeb had a suggestion for avoiding the sometimes embarrassing annoyances of the democratic process—procrastinate. "Hopefully, we can minimize some of this by holding out-of-season hearings," the Price-Commission official wrote. "We would prefer to delay these [hearings] to spring when attention on heating oil should be low." He urged this decision, even though he said, "At present production schedule we are probably not producing sufficient amount to get us through the winter with any degree of safety margin."

Neeb was right about that: As the winter went on, the Midwest shortages grew more severe. Yet through December and early January, the Price Commission took no action. 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 eight per cent 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. In all, events had turned out just about as Neeb had hoped.

THE RESULTS

The effect of the administration's three import decisions did not end with last winter's heating oil shortage. Instead, the first symptoms of today's gasoline shortage began to appear. There were no lines at gas pumps yet, but by the spring of 1973, months before the Arab embargo, the stage had already been set.

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 get-

ting gasoline supply contracts for their municipal vehicle. Gas 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 per cent 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 that 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. So 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, including Long Island, 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 that all those trends were well under way before the boycott.

By last Oct. 12, according to industry figures, the country's inventories of crude oil, gasoline and fuel oils were all below the previous year's levels—at a time when the average demand for petroleum products was up more than eight per cent. In that same month, the Interior Department predicted before the boycott that heating-oil shortages in the coming winter probably would range from four to 10 per cent, depending on weather.

Major oil company profits also began soaring well before the boycott. During the first nine months of last year, the profits of the top 16 oil companies went up an average of 44 per cent over the same period in the previous year. The biggest increases were scored by Amerada Hess, 88 per cent; Gulf, 60 per cent; and Exxon, 59 per cent.

Those profits reflected the rising prices of both foreign and domestic crude oil. And it was administration actions that set those increases in motion before the Arab oil embargo.

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.

Memos Warned President of Aide's Business Ties

A White House official privately urged President Nixon in 1970 to restrict presidential assistant Peter M. Flanigan's influential role in government decisions involving big business because of "possible conflicts of interest" in Flanigan's extensive financial holdings.

Nixon, however, did not follow, the recommendations made in confidential memos from then-special counsel Clark Mollenhoff, a lawyer and Pulitzer Prize winning investigative reporter whose White House duties included trying to spot potential administration scandals before they became public.

As a result, Flanigan remains one of Nixon's most powerful aides, and he still plays an important part in shaping government policies—particularly oil policies—that affect the interests of the nation's largest corporations.

The previously unpublicized dispute within the White House came to light during a Newsday investigation of oil decisions during the Nixon years. In interviews, contradictory versions of the incident were given by Flanigan, who denied any potential conflicts in his holding, and Mollenhoff, who has left the administration and returned to newspaper reporting. They agreed, however, that the controversy began over Flangian's financial connections with an oil tanker company.

Flanigan came to the White House in 1969 from a Wall Street investment banking firm, Dillon, Read & Co. Inc. Among the firm's oil industry clients is Union Oil Co. of California. While Flanigan was still a Dillon Read vice president, he also served as president and a stockholder of a company called Barracuda Tanker Corp. Dillon Read had set up the company solely to lease tankers to Union Oil.

When he was named to his White House post, Flanigan said, he sold his interest in Dillon Read to others in the firm, resigned as president of Barracuda, and put the rest of his personal stock holdings, including 308 shares in Barracuda, into a "blind trust." In such trusts, an administrator takes over the management of the stock owner's portfolio. As long as the arrangement exists, the administrator is not supposed to tell the owner anything about sales or purchases of stock by the trust.

For his administrator, Flanigan chose his father, Horace C. Flanigan, a former board chairman of Manufacturers Hanover Trust and a former Union Oil director.

That was where matters stood on March 9, 1970, when then-Sen. Joseph D. Tydings (D-Md.) took the Senate floor and gave the first in a series of speeches on the case of a tanker called the Sansinena, owned by Barracuda and leased to Union.

The Sansinena had been operating under a foreign flag and, thus, was barred from carrying oil between U.S. ports. But on March 2, 1970, Tydings revealed, the Treasury Department had granted a special waiver allowing the ship to do so. Only a few days before, Flanigan's stock in Barracuda had been sold to others in the tanker venture for about $20,000. The waiver made the ship more valuable, Tydings said, charging that "by the stroke of a pen" the government had "created a multimillion dollar windfall."

That was when the Flanigan-Mollenhoff dispute began. According to Flanigan's version, Mollenhoff acted impulsively. Without speaking to Flanigan or investigating the situation independently, Mollenhoff "fired off a memo" to Nixon saying Flanigan should be fired, the White House aide said. After that, Flanigan said, he called Mollenhoff to his office and they discussed the tanker matter, Flanigan said that his explanation left Mollenhoff convinced that Flanigan had done nothing wrong.

Newsday has obtained a copy of the memo Mollenhoff sent to Nixon on March 10, the day after Tydings' first speech. The memo did not say that Flanigan should be fired. Nor did it mention the tanker. Rather, it noted Flanigan's broad powers within the administration, mentioned "possible conflicts of interest," and said: "This problem is particularly difficult when it involves someone with large financial holdings who is from a family and from a business firm that has such extensive investments." The memo said reporters had raised questions about Flanigan's oil-policy role and suggested that Nixon should "see if there isn't some different allocation of [Flanigan's] duties that would eliminate some of the potential problems."

Mollenhoff said in an interview that Flanigan, during their meeting, had shown him a partial list of his financial holdings. They included, he said, a substantial amount of stock in Anheuser-Busch Inc. Mollenhoff said he was disturbed by that, since one of Flanigan's White House jobs was overseeing agencies like the Federal Trade Commission, which regulates activities of companies, such as Anheuser-Busch, engaged in interstate commerce.

Molenhoff said he continued sending similar memos to Nixon through the spring of 1970, but without results. Meanwhile, the tanker controversy also continued. The Treasury Department promptly revoked the special waiver, and Flanigan shifted control over the trust from his father to an official of Manufacturers Hanover Trust. He and his father had never discussed his trust holdings, Flanigan said. He said he chose a new administrator only to avoid further congressional criticism. Flanigan also issued a statement at the time saying he had never discussed the waiver application "with any government official or employe."

Six weeks later, however, Tydings released an internal government memo showing that Flanigan had asked Federal Maritime Administrator Andrew Gibson the previous October about why the tanker was barred from domestic shipping. Asked about that in an interview, Flanigan said the inquiry was merely a casual one and did not represent an attempt to influence the waiver matter.

Mollenhoff said that he sent his final memo about Flanigan to Nixon on May 6, 1970, saying: "It would appear to me that it is virtually impossible for Peter Flanigan to isolate himself from his stock interests without a full divestiture. Since Flanigan considers the sale of the stock out of the question, the only manner in which possible conflicts can be avoided is through some clearly worked out restriction on his duties . . ."

The following month, Mollenhoff resigned his White House post and went back to the Washington bureau of the Des Moines Register and Tribune. Viewers of Nixon's televised press conference last Oct. 26 may recall Mollenhoff as the scowling, six-foot-four reporter who shouted, "Mr. President, Mr. President!" so insistently that Nixon finally recognized him by saying, "You're so loud, I have to take you."

"You happen to dodge all my questions," Mollenhoff replied. Nixon laughted.

ONE THOUSAND DOLLAR PERSONAL EXEMPTION

Mr. HARTKE. Mr. President, yesterday I introduced a bill which would increase the personal exemption on Federal income tax returns from $750 to $1,000. This is a proposal which I first made in January 1961; I believe that it is all the more necessary today.

The likely course of the economy will be a downturn in 1974. My legislation would help cushion recession and speed recovery with only minor effects on the course of inflation this year.

Economic activity already sags. Industrial production has declined during the past 3 consecutive months; unemployment has risen by 650,000 persons since October 1973; and real GNP is declining sharply this quarter. What has happened is that a normal economic cooloff which began last summer and autumn collided with the energy crisis and the slowdown turned into a tailspin.

To correct this problem and stimulate demand in a beneficial way, I have proposed an increase in the personal exemption to $1,000. This increase is also necessary because the fiscal 1975 budget does not already provide such a stimulus.

This kind of tax relief is also socially responsible. Before 1974 is over, inflation will have eroded the real value of the $750 exemption by more than 20 percent since it went into effect at the beginning of 1972. The Hartke approach would help restore some of the badly eroded buying power of the workers of this country.

In 1973 real average weekly earnings—the amount of money workers actually get—were down 1.5 percent. Surging food and fuel prices have exacted a particularly heavy toll on this segment of our population. The Hartke approach would provide direct relief for these people.

The social and economic case for tax relief is very strong. In this week's Newsweek, economist Paul Samuelson advocates the very approach taken in my legislation. He adds:

If such a tax cut were to be done, it were well it were done quickly.

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

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

THE ECONOMIC OUTLOOK

(By Paul A. Samuelson)

Any intelligent person following current economic events might be forgiven if he despairs of making any sense of the situation. There seem to be more contradictions than ever in the developing trends. Let me therefore try to provide a guide to where we seem to stand as the winter of 1974 draws to a close.

Yes, the economic experts were right in saying last spring that the U.S. was then moving into a "growth recession." Since last Easter we shifted down from boom expansion to far below the 4 per cent annual rate of real growth that is the par needed to provide jobs for a growing labor force in a technologically progressive economy. The unemployment rate is on the rise, and by next fall the odds favor its being nearer to 6 per cent than 5½ per cent.

Yes, the experts were right who predicted that 1974 would be a year of "stagnation"—stagnation along with serious inflation. Price increases have been accelerating and spreading. This quarter's rate of inflation is hovering just below the 10 per cent level. And the end is not yet in sight. I have been talking recently with businessmen all over the land. And virtually all tell me they are panting for an upward adjustment in their prices—to compensate them for what they consider a profit-margin squeeze as their raw-material costs have soared. I presume that a survey of trade-union officials would show a similar desire on the part of workers for a "catch-up" in their wages.

Yes, there is an actual "recession" in real output this first quarter of 1974—perhaps at as much as a 4 per cent annual rate of decline. For the second quarter, the bets are about even among the experts on a further decline in output or a leveling off. Little money is being offered on the long-shot bet of a "V bottom" and a sharp upsurge in business.

COLD COMFORTS

No, there is no cogent evidence to support the view that the U.S. is about to plunge into depression. A worldwide depression is primarily a fabrication of free-lance journalists, gold bugs, and financial sensationalists who have had a miserable track record as forecasters in the past.

No, the typical forecasters from banks, industry, universities and governments do not expect the inflation rate to be as bad at the end of 1974 as it is now. (I don't know quite how to square this with Fed chairman Burns's recent Congressional testimony warning of two-digit inflation of the Latin American type. Perhaps there is something infectious in the job that makes its holder succumb to the temptation that so often seduced former chairman Martin—namely, to issue warnings that go beyond the evidence in order to shake voters and congressmen out of policies deemed to be unsound. But perhaps Burns has cogent evidence and ways of analyzing it that will gradually become available to the public at large.)

UNCERTAINTIES

The foregoing appraisal exhausts the easy side of my current audit. Much harder to answer are the following questions:

Will unemployment peak out at 6 per cent? Will it be stable or falling by the year's end?

Will the upturn in business come soon enough, so that 1974 will not go down in the history books as a "genuine" recession? And will any improvement in the stagnation come soon enough and be significant enough to take pressures off Republican candidates in next November's election?

The jury is still out of these issues. And until they are clarified by the passage of time, legitimate debate about desirable policies can go on. Therefore, I would urge the following cautious programs:

1. Regardless of what happens to the oil boycott and to the continuation of a recession in real incomes and output, personal tax exemptions should be immediately raised. Even in World War II, the exemptions were $500 per head; in view of the inflation since then, $900 or $1,000 would be a fairer exemption than the present $750.

If such a tax cut were to be done * * * well it were done quickly. Now, while unemployment is growing.

2. Now is also the time for monetary policy to ease. It would be folly to try to roll back energy prices or raw-material prices by contriving recession or encouraging a maintained level of unemployment above 5½ per cent. After healthy growth is restored, gradual anti-inflationary pressure will again be in order.

This, I submit, is a sober and cautious program. I believe that it is also a humane one.

SOLAR POWER—A BRIGHT FUTURE

Mr. McINTYRE. Mr. President, as the present energy crisis amply demonstrates, the problem of supplying ourselves with adequate amounts of fuel is one that will be with us for a long time to come. To ignore or discount any potential energy source before it is fully examined and tested would obviously be foolish and, in the long run, self-defeating. In New England, a region which requires large amounts of heat in the winter and cooling in the summer, such examination and testing is being avidly pursued. In particular, solar energy has attracted much attention. The simplicity of the process and the infinite and nonpolluting nature of the energy source appear to make solar power an excellent energy resource.

Currently, a tremendous amount of research is being done on this subject in New England and across the country, and experts predict the coming of a one billion dollar solar energy industry in the next ten years. At the present time, however, individual businesses and homeowners are reluctant to take the leap and install solar energy units.

The article, "Solar Power: Bright Spot in Energy's Gloom" first appearing in March 1974 issue of the New Englander magazine makes clear the good sense of solar power in this day of energy shortages.

For this reason, Mr. President, I ask unanimous consent that it be printed in the RECORD.

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

SOLAR POWER: BRIGHT SPOT IN ENERGY'S GLOOM

(By Kirtland H. Olson, P.E.)

In the next few years, some of your competitors will cut their operating costs by using the sun to heat and cool their plants and provide process energy. While many scramble for low-sulfur oil at high prices, management of solar-heated plants will enjoy zero fuel costs, zero pollution, and positive cash flow generated by depreciation of solar equipment. Maximum return on investment now occurs at less than full solar heating, but greater levels can still return a net profit.

Solar energy pays off best when it is used most. Thus, the best applications involve poorly insulated buildings (schools, industrial plants, offices) that consume large amounts of energy at low temperatures. New England's large winter heating/summer cooling demands generate high rates of utilization of the capital investment in solar collectors, shortening the payback interval.

PRIVATE SECTOR SPEARHEADS R. AND D.

Present barriers to solar climate control will tumble, leading to a $1-billion industry within ten years. Right now, investigations of solar energy contribute several million dollars to the NE economy, at least half from private sources.

Regional governments may find themselves playing catch-up again, since the private sector appears at the forefront of solar energy development. Federal agencies may fare no better, having neglected direct use of solar energy in favor of more complex and longer range systems. For example, 1972 figures from the National Science Foundation show only two grants in New England, totalling about $200,000. Both grants went to universities in Massachusetts and both deal with electric power generation rather than direct heating or cooling.

Of $200-million recommended for solar energy development by AEC Chairman, Dr. Dixy Lee Ray, only $50-million will go to develop heating and cooling of buildings between 1975 and 1979. Dr. Ray recommended $12.8-million for this purpose, beginning in July, 1974 (fiscal 1975). Sen. Hubert Humphrey (D.-Minn.) has introduced a bill (S. 2819) that would authorize $600-million between 1975 and 1979, with $56-million for fiscal 1975 alone.

BARRIERS TO SOLAR POWER

Large solar installations remain untried. Contractors, engineers and architects do not possess the experience with solar energy that

they have with conventional heating, ventilating and air conditioning designs. Clients want assurances that their new building will function without surprises.

High first costs of solar collectors make investors shudder. Who wants to pay 40 years of heating bills in one year? Even if solar heat costs less in the long run, the cash flow seems less favorable without careful analysis.

No solar energy industry exists yet. A few small companies produce specialized components, such as swimming pool heaters, and *some foreign* producers make solar water heaters. Architects and engineers cannot choose solar heating panels as they do curtain walls, light fixtures, or windows. Every job entails a custom design.

Property taxes depend on value, not fuel cost, thus discouraging capital investment to reduce energy costs. Furthermore, taxes seldom go down and may increase suddenly, adding an unstable element to the cost of energy from the sun.

Although these points are real and strong, each will fade away within a few years. Some clients will build solar energized buildings and their consultants will gain experience. Investors and consumers will come to understand life-cycle costing and recognize solar collectors as sound investments. Major manufacturers will soon be entering the solar field, as indicated by the 65 companies who are paying ADL to conduct a study toward developing a solar energy industry. Many elements of the tax structure will change as the need to conserve resources becomes more urgent.

All barriers to solar energy reflect the past. Within a year, solar-energized buildings will be under construction in New England. Within five years, sun-powered climate control will make a difference in your life. Within ten years, solar climate control will constitute a $1-billion industry. Ten percent of all buildings constructed by 1985 will use solar climate control, according to a study by NSF and the National Aeronautics and Space Administration.

WHAT IS A SOLAR COLLECTOR?

Imagine a storm window covering a box that contains a blackened metal plate lying atop some glass wool insulation. Placed in the sun, the metal plate will increase in temperature until the heat escaping from the insulated box equals the solar energy input. With only a single glass, this temperature will probably rise to 100 to 220°F. If the box were double-glazed and the insulation equal to four inches of Urethane foam, the temperature could reach 400°F. Of course, when heat is taken from the plate, it cools down so we can warm up. Circulating air or water over or through the collector box, we take heat from the sun just as we do from a furnace.

Most people just can't believe that solar energy is so simple. It seems too good to be true.

Combining the collector with pumps, storage tanks and auxiliary heating provides a solar climate control system. For some rough rules of thumb, figure that about half the floor area of a well-insulated building must collect sunlight to provide for heating and cooling use. Ten to 15 gallons of water storage are needed for each square foot of collector. Auxiliary heat will roughly equal solar heat, but not be used continuously. Collector weight will approximate 7 lb. per square foot, and buildings designed for 40 lb. per square foot snow loading probably will not need reinforcing, just load distribution. (Typical buildings allow snow loads of 30 lb. per square foot.)

HOW MUCH SUNSHINE DOES NE GET?

U.S. Weather Bureau data show that most of the region will experience 2,200 to 2,600 sunny hours, or 50 to 60% of the daylight hours. A band along the northwestern border will gather less than 2,200 hours, but between 40 and 60% of the days will be totally or partly sunny at any location in New England. That's enough sunny days for solar collection, but is the sun bright enough?

Yes! Even at mid-winter, New England will receive 100 Langleys (100 Langleys equals 0.97 kilowatt hours per square yard of collector, equivalent to 3,310 BTU per square yard) on a typical day. NE's yearly average approximates 300 Langleys per day according to weather bureau records that span more than 20 years of observations at places such as Logan Airport and Blue Hill Observatory in Milton, Mass. Since flatplate solar collectors work even on cloudy days, the region gets plenty of useful input from the sun.

How much energy does a building need? Although requirements vary with structural style, number of windows and amount of insulation, the Massachusetts Audubon Society's planned 8,000-sq. ft. addition will need 40,000 to 70,000 BTU per degree day.*

Most parts of New England suffer 1,000 to 1,500 degree days during January or February, making each day represent 34 to 51 degree days and making a similar building require about 1.36 to 3.56 million BTU per day. This represents 3,700 to 9,700 square feet of collector if the panels gather all the incident solar energy. Reflections and losses make 100% efficiency unlikely, so somewhat more collector is needed, say roughly twice as much.

ECONOMIC PROS AND CONS

As the numbers make clear, doing the whole job with solar energy requires that energy use be reduced to a *practical* minimum or additional collector area be provided. Using solar energy to carry the basic load of the building and a conventional heating system to handle peak loads offers an economic solution.

At the present (undeveloped) state of the art, solar climate control makes sense as an adjunct to conventional methods. Economic analysis puts the optimum amount of solar heating or cooling at 50 to 70% of total requirements at current prices.

Keep several points in mind when you consider the financial pros and cons of free heat. First, you will not pay for fuel on a seasonal basis. Instead, your mortgage or lease payment will include equal monthly contributions (principal and interest) toward the capital cost of solar climate control equipment. Examination of the mortgage payment formula shows that a 15% increase in principal raises the monthly payment 15%. Conversely, if your fuel bill equals 12% of your mortgage payment, you could divert that expense to pay a 12% higher mortgage to cover the capital cost of solar equipment. Depreciation of the structure and incremental real estate taxes will replace fuel costs as expense items in your budget.

WRESTLING WITH ROI

Reports that claim an optimum balance of solar and auxiliary heat raise several questions. Most important, what is optimized? Many analysts choose return on investment (ROI) as the criterion to justify a particular level of solar energy use. But the best ROI may occur far below the point at which solar heating costs equal the costs of other systems. Thus, if you chose to use solar energy until the solar cost equalled the cost of conventional sources, you might well find that 100% solar heat makes sense for you.

The best return on investment depends on current fuel costs as well as present construction and finance costs. As energy costs fluctuate, so does the ROI, and thus the "best" amount of solar energy for your application. Some analysts now feel that energy prices might double or triple within a few years. If true, this would make increasing amounts of solar power profitable.

Construction costs will trend upward with energy costs, but downward as production technology reduces component costs. Plastic, glass and aluminum comprise the basic materials for collectors, and all will rise in price. High levels of automation are practical in making solar collectors, so costs will probably follow material prices. All these factors combine to influence the ROI you can expect over the next five years. All seem to suggest that solar equipment is a good investment now and may get better in the near future.

Both incremental and total dollar costs of solar equipment will show optimum earnings rates at less than 100% sun power. In each case, varying the fraction of solar energy by ±50% of the optimum value would probably still provide a positive return. Other factors modify the choice within this range.

COLLECTOR COSTS: $4.50/SQ. FT.

Rough estimates of cost for a large house, needing 25,000 BTU per degree day for space heating and 1,041 BTU per hour for hot water, work out as follows: Pumps and auxiliary materials cost $375. Figure $4.50 per sq. ft. for collectors at today's prices and 32¢ to 42¢ per gallon for water storage. Within five years, collector costs should drop to $2.50 per sq. ft., with other prices following the general economy. These costs apply only to the solar portion of the heating system; add the cost of auxiliary devices (conventional heaters).

On the regional level, solar installations can *at worst* help the economy. New England imports almost all of its heating oil and gas, and thus sends dollars overseas. Solar panels use U.S.-produced parts *locally assembled*, thus diverting payments from foreign sellers to the local economy. Even if foreign producers shipped completed solar panels to New England, the bulk of system cost would still feed the local economy.

What other factors influence the choice of solar energy? Uninterruptible energy supplies grow scarcer by the day. Energy from the sun, captured and stored locally, provides reliable power. Even partial solar climate control can cut fuel requirements enough to stretch shrinking allocations over growing businesses.

New construction using total solar energy climate control eliminates the furnace, smokestack, and some of the expensive maintenance that goes with operating them. Even when conventional heating equipment is installed as an auxiliary system, a smaller furnace does the job.

Power needed for pollution control may come directly from solar energy, or be fired from other uses by solar climate control equipment. Air pollution drops as less fuel is burned.

Solar power provides stable energy costs. Once installed, you know how much power you have and what you will pay for it. And it provides a measure of independence from energy suppliers.

WHERE CAN IT BE APPLIED?

Whenever hot water or hot air at temperatures below 250° F will serve the end use, solar energy can compete. Space heating, hot water supplies, refrigeration and air conditioning all fall in this category. Furthermore, these uses represented 11% of the nation's energy consumption in 1968. More important, these uses accounted for 76% of the energy used by commercial enterprises. Industrial direct heat accounted for 11.5% of 1968 consumption, about 28% of all industrial use. These figures exclude process steam consumption, for which some displacement would be possible, since some

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* Degree days equal the difference between 65° F and the actual 24-hour average outside temperature. Thus a day when the temperature was 50° F for six hours and 10° F for 18 hours would contribute [65—(50x6/24 —(10x18)/24]=45 degree days.

steam uses were based on convenience and cheap energy rather than efficiency.

Areas of use include schools and other public buildings; industrial and commercial buildings; old housing; new construction; and mobile homes. Each offers a specific group of factors that favors solar power. Predicting development is always risky, but the list is about in the order of likely development.

Schools make good candidates for solar climate control because they use lots of heating and air conditioning and have access to low-interest capital. Some states, like Massachusetts, subsidize construction costs heavily, again favoring high first cost and low operating costs. Furthermore, schools do not pay real estate taxes, so capital structure does not incur penalties compared with operating cost. Other public buildings and certain non-profit operations enjoy similar incentives to use capital intensive methods.

Industrial and commercial buildings and production processes also provide high-use loads that employ capital effectively. Tax writeoffs for pollution-related equipment and depreciation contribute to cash flow. Stable energy costs also make the investment attractive.

Old housing offers a high use application where the alternative of fully insulating may well be more costly and less effective than converting to solar heat. Rental units and buildings converted to commercial use involve financing and tax writeoffs that favor capital investment over operating costs. Low fuel allocation priorities add incentives for conversion.

NO RESTRICTION OF BUILDING DESIGN

New construction of commercial, industrial and residential properties permit inclusion of solar climate control right from the design phase. Solar collectors can function as part of the wall or roof. Buildings can face their roofs toward the sun, sloped at angles that collect sunlight effectively. Energy-conserving designs reduce the collector area required to maintain human comfort.

Architectural style will not be limited to contemporary designs, either; the sharply pitched roof of New England colonial styles fits the solar application well. Large, flat-roof, one-floor plants now popular in many industries create large volumes with small surfaces. Slight modification of the roofline to a saw-tooth shape could provide north-sky lighting and south-sky heating, cutting both fuel and electric costs dramatically.

Mobile homes and office trailers can also use solar heating and cooling. Energy loads are relatively high because of the small volume enclosed, and such mobile buildings often park in sunny locations. Additional roof area, in the form of patio covers, can easily be added to mobile homes.

POTENTIAL FOR AUXILIARY HEATING

Many industrial and commercial enterprises require auxiliary heating, often supplied by small electric space heaters or similar devices. A solar panel only 3x6 feet can replace a 1500-watt space heater. Using a sunny, south facing wall or a small, roof-mounted structure to capture sunlight provides the heat source which feeds hot water or hot air to a nearby inside location. A small fan or pump circulates the heat to point of use.

Entryways and lobbies offer opportunities for solar heating. These areas consume disproportionate amounts of energy as doors open to admit people. When the entry faces south, nearby solar panels can provide the necessary heat, but even a north exposure can use hot water piped from rooftop collectors. Decorative pools can provide some heat storage and tend to raise the local humidity, making lower temperatures acceptable. Hot water storage tanks, placed in utility rooms or behind screens, provide heat when the sun does not shine.

Covered walkways provide large roof areas for gathering sunlight to heat buildings or provide snow melting capability.

When used only for auxiliary winter heating the vertical walls of a building can capture significant amounts of energy to reduce fuel use. In New England the midwinter sun rises only 24° above the horizon, and a vertical collector receives 90% of the available energy. Such a collector would gather little energy in summer, so would not function well for both heating and cooling.

Hot water from solar heaters is a reality in many parts of the world including the southern U.S. As fuel prices rise, solar hot water supplies will become more attractive. Large, well-insulated storage tanks, suited for off-peak electric water heating, fit equally well to solar heating. In both cases the available interval for maximum power is about eight hours, and auxiliary heating provides a lesser capability at other times. A single 4 x 8 foot panel provides the equivalent of the 3 kilowatt electric heater in a 100-gallon tank.

WHERE TO GET HELP

Almost every university or college in New England either has someone working on solar energy or can refer you to another source. State energy councils, usually reached through the governor's office, can refer you to knowledgeable sources. A few architects and engineers possess personal knowledge of solar energy, and the well-publicized research groups will help with referrals and reprints of publications.

Determination and ingenuity will key your whole program. Dr. William Shurcliff, a nuclear physicist who advocates 100% solar heating, puts it this way: "All the research houses built by universities failed. What we need is some ingenuity applied to real problems." New England business can surely find the shortest path to practical answers—look at the record.

COMMITTEE OF PARLIAMENT WARNS AGAINST AMERICAN NUCLEAR REACTORS

Mr. GRAVEL. Mr. President, on February 3, 1974, the Select Committee on Science and Technology of the House of Commons urged the British Government not to buy American nuclear power reactors; the committee's report questioned whether American light-water reactors are safe enough for a populous country like Britain.

Uncertainties about the design of the emergency core cooling system played an important part in the negative recommendation, according to the Washington Post, March 10, 1974.

Another important consideration, according to the March issue of "Not Man Apart," was the integrity of the pressure vessel itself. Sir Alan Cottrell, who is the government's chief science adviser and a metallurgist of international standing, testified to the committee that he is not convinced that PWR pressure-vessel integrity can be guaranteed. The rupture of the vessel could result in a catastrophic release of radioactivity to the environment.

In addition to the select committee, British opponents of American nuclear reactors include the head of the U.K. Atomic Energy Authority, the chief nuclear inspector, and the Institute of Professional Civil Servants, which represents 8,000 nuclear scientists and engineers.

NATIONAL ENVIRONMENTAL POLICY

Mr. TUNNEY. Mr. President, recently in the surge of understandable concern about energy shortages, there seems to have been a concurrent ebbtide of concern about our environmental laws. Many have argued that these laws are inconsistent with the efforts to conserve scarce fuel, or that they are luxuries at a time of crisis.

There have been attempts to undercut laws and safeguards already on the books. But a careful look at existing environmental law shows that the environmental movement remains vigorous and purposeful.

THE NATIONAL ENVIRONMENTAL POLICY ACT

The landmark National Environmental Policy Act—NEPA—has withstood the storm unleashed since the first court cases were brought to enforce its provisions. I was in the House when this act passed, and I recall fears that the environmental impact statement would be no more than a "filing requirement." It turned out to be much more. It has stimulated public participation and has given the public an opportunity to scrutinize Federal activities.

The court decisions assessing whether impact statements are adequate have forced more complete consideration of alternatives that are more environmentally sound. Suits based on noncompliance—when no statement was filed—have been used successfully to stop environmentally harmful activities such as clearcutting in the national forests.

While NEPA itself has not been amended or weakened, a few attempts to exempt Federal activities from its requirements have been successful. Two unfortunate exemptions—which I opposed—involve the barring of further court suits on NEPA grounds in the trans-Alaska pipeline project and the exemption from NEPA requirements of a Federal-aid highway being constructed through an urban park in San Antonio, Tex. I opposed the exemption from NEPA in the trans-Alaska pipeline case because I felt that the project could be constructed in a manner that would satisfy NEPA requirements, and the exemption was, therefore, unnecessary—and a bad precedent as well.

It is fair to say, however, that exemptions from NEPA are few and far between, and the law remains fully in force.

THE CLEAN AIR ACT

Another important bill that is weathering the attack is the Clean Air Act. It is worthwhile to recall the statistics which were used to justify the legislation: $6 billion yearly in pollution-related health costs; $10 billion in property loss. This averages out to almost $80 a year for every American. EPA itself estimates that it will cost $15 billion over the next 5 years to control air pollution just from present sources. It states that—

simply letting pollution continue will be far more expensive than spending what it takes to curb it.

The act declares that deterioration of air quality is a national public health problem. It requires attainment of am-

bient air standards by 1977, with interim levels set for 1975 and 1976, and it mandates a rollback in auto emission levels.

There were lengthy and heated discussions about implementation plans under the act for various regions, and there was strong resistance from Detroit concerning deadlines for reducing auto emissions. We have seen parking surcharges suggested and abandoned—for good reasons, I might add, since they were far too drastic. We have seen the development of the catalytic converter to reduce hazardous exhaust from the internal combustion engine, and have heard reports of new health hazards from the catalyst itself.

At this juncture, it seems clear that the road to clean air involves very basic changes in land use patterns and life styles, and for this reason, the majority of Congress seems to be persuaded that the time frame mandated in the legislation should be extended for 1 year. Importantly, however, no changes have been made in the basic regulatory framework in the legislation.

At the administration level, EPA has used the flexibility of the Clean Air Act to grant temporary, emergency variances in order to deal with the fuel shortage. Certain cities have been allowed to buy high sulfur residual oil for their generators because no cleaner products were available. However, variances have only been granted when no reasonable alternatives were available; and, to date, the number of variances has been limited.

The courts also have helped to enforce Clean Air Act requirements. Citizen suits have been brought successfully to compel performance of nondiscretionary duties. In a landmark decision last June, for example, the U.S. Supreme Court held that EPA could not permit the relocation of industry if it would lead to the deterioration of air quality.

WATER QUALITY

Another major bill, the Federal Water Pollution Control Act amendments, survives unscathed. It is worthwhile to recall how ambitious the legislation is. An "interim" goal—which I initially suggested in the Public Works Committee—is to reach a level of water quality by July 1, 1983, that will protect fish, shell fish, wildlife and recreation. By 1985, the goal is to eliminate the discharge of all pollutants into the navigable waters of the United States.

It should be recalled that the President vetoed the water bill, ostensibly because it cost too much. The bill was quickly repassed over his veto by an overwhelming margin. The President then impounded cleanup funds, precipitating yet another constitutional crisis as to the proper separation of powers in our constitutional system of government. The courts upheld Congress and ordered the funds released.

The long-range implications of stopping all discharge into our waterways are likely to stimulate imaginative advances in technology. Technology is now being demonstrated to convert sludge into efficient energy for our homes and factories instead of dumping it in our waterways. Other kinds of trash and waste may also be able to be used to meet what will be a continuing shortage of domestic fuel.

My Subcommittee on Science and Technology recently held hearings on expediting research for waste conversion by strengthening the Resource Recovery Act.

NOISE POLLUTION

The Noise Pollution Control Act of 1973 is another major environmental law which survives intact. I was chief sponsor and Senate floor manager of this act, which provides the first comprehensive Federal program to control unwanted sound. Specifically, the legislation sets up programs to control noise from new products, aircraft and interstate carriers. Most of the deadlines have been met, and citizen suits have been brought to compel compliance with remaining sections.

LAND USE

Even now, as the legislative action in Congress focuses largely on energy questions, there is no corresponding shortage of initiative on environmental issues. Among the more important bills presently before Congress is the Land Use Policy and Planning Assistance Act. It passed the Senate last year but the House Rules Committee has indefinitely postponed floor action by failing to grant the necessary rule.

The land use bill addresses the basic problems of environmental degradation and energy waste by looking at unchecked and inefficient growth patterns. It will impel each State to develop a 5-year growth plan as a condition of receiving Federal funds. It is imperative that we begin the task of reshaping our attitudes about land. We must come to grips with the fact that uncontrolled and unlimited growth will lead inexorably to a lower quality of life.

RESEARCH AND DEVELOPMENT

The West Coast Corridor Feasibility Study, which I sponsored, would authorize $8 million in Federal funds for a study of a high-speed ground transportation system which is clean, safe, quiet, economical, and efficient. The corridor would link major coastal cities from San Diego to Seattle. When developed, this mass transit system could reduce use of private ground transportation as well as air transportation. This bill is pending House action.

My second bill, the Automotive Research and Development Act, would provide $340 million over 3 years to develop a smogless alternative to the internal combustion engine. Far too little research has been done on clean engines, and, through this program, we should be able to continue to use needed private transportation without sacrificing clean air goals.

TOXIC SUBSTANCES

Another vital bill, now in Senate-House conference, deals with regulation of toxic substances. As chairman of the Senate conferees, I believe we will soon report this significant legislation. The goal is to prevent unreasonable threats to humans—and the environment—from the use of products containing dangerous chemical substances.

SOLID WASTES

The Resource Conservation and Waste Management Act of 1973, which is now pending in the Senate Commerce Committee, will stimulate resource recovery in lieu of disposal, and will contain a section on demonstration programs for producing energy from waste products. I am now developing this section from information received in the hearings I held in California.

OFFSHORE DRILLING

As our fuel shortage stimulates increased exploration for vitally needed new sources of oil and gas, we must also insure that this exploration does not become a panicky, wildcatting stampede that tramples and desecrates our shoreline and our countryside. We know that the vast bulk of untapped oil and gas reserves in the country lie offshore along the Outer Continental Shelf. There are ways—carefully drawn and specifically spelled out—to assure production while protecting the environment, to impose strict and absolute safeguards while preventing another disaster like the one at Santa Barbara in 1969.

I tried to incorporate these principles in the Outer Continental Shelf Safety Act, which I introduced last December and on which hearings will be shortly scheduled.

Also, my bill will give an economic incentive to the oil industry to improve safety by making drillers strictly liable for damages from spillages or blowouts, and for the cost of cleaning them up. Most significantly, my bill will introduce a new planning process for Outer Continental Shelf leasing, by requiring the Interior Department to rank proposed lease areas by environmental and geologically and seismologically safe rather than in fragile areas like the Santa Barbara Channel.

WILDERNESS AREAS

The California wilderness, where man can meet nature on nature's own terms, must be protected. The basic importance of wilderness is its capacity to meet human needs that civilization has left unsatisfied. I have already introduced legislation to set aside as wilderness six areas in the California forests and will soon introduce a comprehensive omnibus bill which will include both designation and study areas.

URBAN PARKS

I have introduced legislation (S. 1270) to establish the Santa Monica Mountain and Seashore National Urban Park. The bill, cosponsored by Senator CRANSTON, would create a major national park along the beaches of Santa Monica Bay and the mountains and valleys of the Santa Monica Mountains in Los Angeles and Ventura Counties.

Never before in America has such a large, concentrated population sufferred from such a scarcity of recreational resources. Ten million people live in metropolitan Los Angeles; yet the city has less open space than any other metropolitan area in the country, includ-

ing New York. To compound this, over 8 million Americans visit southern California yearly.

If these mountains are developed, residents and visitors will lose the only remaining open space in the Los Angeles Basin and the city's last remaining nonpolluting buffer will disappear.

IN CONCLUSION

We must not lose sight of the basic justification for environmental legislation: Protection of public health and welfare.

This same goal also justifies our need to solve the energy crisis, since without heating oil and gasoline, we cannot heat our homes, keep our factories running and keep vital transportation services moving.

Obviously, the most precious single environment is a person's home and his or her ability to live in comfort and in relative freedom from want. Both environmental safeguards and sufficient energy resources are necessary to protect this home environment.

A careful balancing process is necessary to protect our total environment. We must have smogless air, pure water, and quiet—and we must have jobs, heat, and vital services. So far, the balance has not tipped dangerously, and the sudden anxieties of the energy crisis have not washed away the progress made in environmental legislation and protection. It will not tip, if we all continue to work together.

PUBLIC CAMPAIGN FINANCING

Mr. MATHIAS. Mr. President, I would like to call the Senate's attention to a very fine editorial, from the Philadelphia Inquirer, which supports efforts to enact a public financing/campaign reform bill. The editorial draws attention to the leadership being shown by the distinguished Republican Leader, Mr. SCOTT of Pennsylvania. I have been privileged to work with him on this bill and can attest to his great efforts to bring about clean elections.

I ask unanimous consent to have this editorial printed in the RECORD.

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

PUBLIC FINANCING IS A KEY TO VITAL CAMPAIGN REFORM

In a radio speech, President Nixon has finally outlined his own ideas on how to clean up political campaigns, Congress having sensibly rejected his proposal of a few months ago to assign the whole matter to still another study commission.

Many of Mr. Nixon's proposals are designed to end the abuses, to which he barely alluded, which infected his own re-election campaign. In 1972, for example, campaign committees with fancy names but no members proliferated as a device to get around the contributions and spending limits in the 1971 campaign reform act which Mr. Nixon had signed with a flourish. Now, he proposes that each political candidate have only one campaign committee, to be the depository of all funds raised in his or her behalf.

Preparing for 1972, the President's fundraisers went out of the way to collect donations in cash, which is hard to trace but not—as we have seen—impossible. For the future, the President would that all political donations over $50 be made by check or other negotiable instrument.

In addition, Mr. Nixon has changed his position to favor repeal of the proviso of the Federal Communications Act of 1934 requiring "equal time" for all candidates for an office, however insignificant or frivolous their candidacies may be. In 1972, the White House quashed repeal. So had President Johnson when the matter came up in 1964.

The electronic media want and should be allowed to give more free coverage of major candidates, including the kind of debates in which Mr. Nixon and John F. Kennedy engaged in 1960 when Congress suspended the "equal time" proviso.

On the negative side, Mr. Nixon has now made public his adamant opposition to public financing of campaigns. This "raid on the public Treasury," as he calls it, would have the effect of "undermining the very foundation of our democratic process."

It would, he argues, "not only divert tax dollars from pressing national needs, but would also require taxpayers to sponsor political candidates and parties with which they might totally disagree."

We think, to the contrary, that clean elections are as much a "national need" as any of the other things to which citizens contribute their taxes. The bills being considered in Congress would also not only provide funds for both major parties but include financing for minor parties, if these showed serious strength.

It is estimated that the 1972 federal elections cost between $200 million and $250 million. That's only $1 or perhaps $1.25 per citizen—a small price to pay for a great investment in keeping our democratic process fair and honest.

As the citizens lobby Common Cause points out, that would be considerably less than the $500–$700 million more which Americans had to pay for milk alone after dairy producers made their huge contributions to the President's campaign.

In a Gallup poll last September, two-thirds of Americans surveyed favored a total ban on all campaign contributions from private sources. We think the bill sponsored by Sen. Hugh Scott and Sen. Edward Kennedy goes in the right direction. It would provide for all public financing, or for a mix of public and private, and it would set reasonable limits on the amounts that could be spent.

Mr. Nixon says that a free society should have no such "artificial limits". Well, we have seen the "horrors," in ex-Attorney General John N. Mitchell's word, caused by having no effective lid at all and too much money to spend.

What truly undermines the foundation of our democratic process is a system in which candidates must raise enormous sums from special interests, which almost always expect their quid pro quo. If we have learned nothing else from Watergate, surely we have learned this.

NEW HAMPSHIRE SPEAKS OUT FOR RAIL SERVICE

Mr. McINTYRE. Mr. President, the Interstate Commerce Commission has recently held hearings in the Midwest and Northeast region to determine a rail reorganization plan for this area. These hearings represent the second step in a yearlong process to establish a feasible and economically sound plan for improving rail service for this region.

Representatives from all over New England were asked to give testimony in Boston last week on the preliminary report of the Department of Transportation's recommendations for reorganizing these rails. The Governor's office in New Hampshire was very ably represented by George Gilman, commissioner of New Hampshire's Department of Resources and Economic Development.

Mr. President, I therefore, ask unanimous consent that his testimony be printed in the RECORD.

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

TESTIMONY OF COMMISSIONER GEORGE GILMAN

Mr. Chairman: I offer for the record a letter from Governor Thomson which I would like to read.

Please note the importance which Governor Thomson places on recognition by the I.C.C. Rail Service Planning Office of a revised "core" system plan for New Hampshire following along the lines of serving existing rail users and taking account of New Hampshire's rapid industrial growth.

I recognize that this is but the second of seven steps in the Federal Government's railroad planning process. We hope this will lead to a strong and healthy rail system.

The vitality of our rail service is critical to the national and regional economies but very directly also to scores of New Hampshire communities whose names appear on maps only in fine print.

New Hampshire's growth and prosperity as much as those of any state in the nation were built on a rail network which once linked all of our large communities and most of the small ones to one another and to the outside world. New Hampshire's vital industrial base which provides jobs for our people still owes its existence to rail service.

For the past several years our state has fought before the I.C.C. and in court and more recently negotiated in earnest good faith to stem the tide of abandonments which would serve only to injure the state's economic future.

Now, no more serious threat to our economy has emerged than the recommendations in this core report.

A survey of medium and large employers in our state shows that more than 20,000 jobs would be endangered by the loss of rail service, and another 26,000 would be affected. This amounts to more than half the manufacturing jobs in New Hampshire.

A substantial majority of these manufacturing facilities may be directly affected by the cutbacks envisioned in the core report, while we are aware as well that New Hampshire will be able to draw on Federal monies to subsidize or assume rail service where it is considered vital where it is not part of the consolidated rail system, this is not a viable remedy.

New Hampshire is skeptical of the efficacy of "subsidies" either offered by the Federal Government or State Government.

Rather, in our view a core plan which we propose as a substitute will in our judgment contribute to a sound New Englaid rail system and best serve New Hampshire.

The heart of this discussion and the reasons for our appearance is to indicate very strongly that the DOT "core" system is unacceptable.

Frankly, it is inadequate; it is wrong in concept; and Governor Thomas and others representing New Hampshire will fight its implementation at every step.

In substitute, I submit a plan for rail service for New Hampshire as part of a "core" system and I should indicate it is the minimum we can accept. It represents New Hampshire's vital needs now and in the future.

I submit a copy for your records. Please note that it has seven components:

(1) Service through the industrial heartland of New Hampshire up the Merrimack River, at least to Meredith, the base of the White Mountains.

(2) The eastern area on New Hampshire servicing industrial Strafford and lower Carroll Counties to the base of the White Mountains.

(3) East/West service in an area projected for substantial future industrial growth extending on a line from Portsmouth to Manchester. Note also that a spur leg running south along the seacoast from Portsmouth is necessary.

(4) Service to industrial Cheshire County linking onto main line service along the Connecticut River.

(5) Service into southwestern Hillsborough County.

(6) The vital link branching from the Merrimack River line just north of Concord and running into White River Junction, the so-called northern line.

This line is essential for heavy and wide loads and provides an additional entry and exit to New Hampshire other than that running south to the Boston area.

(7) The northern complex of existing service serving industrial communities of Woodsville, Littleton, Lancaster, Groveton and Berlin. Jobs are not easily come by in this northern part of our state and it is imperative that existing rail service there be maintained.

The above seven segments represent an accommodation between past rail service and the sharply curtailed cutbacks proposed in the "core" report. It seems to me clearly sensible that New Hampshire can expect this much from our Rail Planning Office.

It provides for existing service to New Hampshire industries and would recognize future growth patterns of our state. Nothing less would be satisfactory.

CAPITAL PUNISHMENT

Mr. HARTKE. Mr. President, recently the Senate approved legislation which establishes a mandatory Federal death penalty for certain crimes. I opposed that bill, because the death penalty is both morally wrong and unjustifiable in practice.

I spoke against the bill on the floor of the Senate, saying that "vengeance is within the province of the Lord; it should not be a substitute for justice." The only possible rationale for the death penalty is vengeance; it does not deter crime or decrease murder.

Mr. President, an article on this subject appeared in today's Washington Post. Written by William Raspberry, I believe that it succinctly states the essence of the Senate debate on the capital punishment bill. I, therefore, ask unanimous consent that the article be printed in the RECORD.

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

DEBATING THE DEATH PENALTY

(By William Raspberry)

("While many people who support the death penalty believe that it would help prevent certain heinous crimes, my guess is that they support it for another reason: retribution.")

The Senate may have been reflecting the wishes of the people if not its superior wisdom last week when it voted, 54 to 33, to restore the death penalty for certain categories of federal offenses.

And now the lobbyists for morality are turning—not very hopefully—to the House in their effort to let the death penalty stay dead.

As was the case when the bill was under consideration in the Senate, its opponents will argue in the House that there is no reliable evidence that capital punishment deters crime and, therefore, it shouldn't be enacted.

I'm guessing that that argument will be as ineffectual in the House as it was in the Senate, and for the same reason: It misses the point.

To begin with, capital punishment would deter certain kinds of crime: income tax evasion, for instance, or speeding. If it were a certainty that any person caught deliberately underpaying his income taxes or driving his car too fast would be put to death, hardly anybody would underpay his taxes or drive too fast.

Of course no one ever proposes capital punishment for the kinds of crime that it clearly would deter. And the evidence is at best inconclusive that it would deter the sorts of crimes for which it is proposed: treason, kidnapping or murder in the course of skyjacking.

But again, I doubt that that is the point. While many people who support the death penalty believe that it would help prevent certain heinous crimes, my guess is that they support it for another reason: retribution.

That is, certain offenses—brutal rapes, mutilations, mass murder, for instance—strike some people as so foul that they are willing to see their perpetrators dead, no matter whether anyone else is deterred.

I don't feel that way, but I appreciate the difficulty of arguing with those who do. If your statistics are drawn with enough care and presented with enough clarity, you can win the argument over deterrence. But if the debate is not over efficacy but over deserts—whether a particular low-lifed s.o.b. deserves to die—you might as well shrug your shoulders and walk away.

It is interesting, though, that, even among those who would conclude that certain abominable offenders deserve to die, few would be willing to carry out the sentence themselves, just as few of them would be willing to participate in a lynch mob. But it's okay if the *state* does it; the state, by speaking solemn legalisms and conducting stony-faced rituals, transforms mere killing into *execution*, which sounds much less offensive.

But is it, really? Sen. Harold E. Hughes (D-Iowa) invokes the usual efficacy argument against capital punishment as well as "the shortest of the Ten Commandments: 'Thou Shalt not kill.'"

Then he adds: "I oppose the death penalty because it demeans human society without protecting it." Hughes is saying that a lynch mob by proxy is still a lynch mob.

He made some other points that deserve consideration. Capital punishment, almost of necessity, is "capricious and unjust in its application. It discriminates against the luckless, the poor and the racial minorities."

That is one of the key reasons for the Supreme Court's 1972 decision outlawing the death penalty. Judges and juries had so much discretion in deciding when to impose the death penalty, and used that discretion in such wildly varying directions, that the court ruled it unconstitutional.

The bill that now goes to the House seeks to overcome the court's objections by spelling out specifically which crimes are subject to the death penalty and by making the application of the penalty (with certain exceptions, also spelled out) automatic upon conviction.

But Sen. Hughes' objections weren't so much constitutional as moral and practical.

Capital punishment prolongs court proceedings, he said, both because of the certainty that the condemned will seek every possible appeal and delay and because of the added weight it puts on jury deliberations. If a mistake is made, if the convicted person turns out to be innocent, "there is no road back." Then:

"Finally, I oppose the death penalty because it is grossly destructive of human hopes for a society more amenable to peace and less dependent on violence for the solution of its problems."

Unfortunately, Hughes' arguments—and those of others, including Sen. Philip Hart (D-Mich.) and Sen. Edward Kennedy (D-Mass.)—left a majority of the Senate unmoved. Nor is there much hope for a more civilized outcome in the House.

Well, if they are going to enact capital punishment, let me propose an amendment that occurred to me last week when I was watching NBC's "The Execution of Pvt. Slovik":

Be it further enacted that members of any jury that votes the death penalty, and any magistrate who upholds said vote, shall together comprise the firing squad that will execute the sentence.

THE REMOVAL OF THE OIL EMBARGO

Mr. ROTH. Mr. President, the removal of the embargo provides some relief, but it should not cause us to relax our efforts in working to solve the energy crisis. The embargo's end cannot mean a return of the wasteful practices of yesterday, but it does provide us an opportunity to work—and I emphasize the word work—out of our current situation. It is very tempting to believe—even when we know better—that the energy crisis is not really real. It is comforting to think that it could disappear just as rapidly as it came. Let no one be mistaken, there is a shortage. There is not enough oil and energy to keep our economy growing; to provide all the jobs necessary for our increasing population; to provide the gas, air-conditioning, and recreation that more and more Americans are becoming accustomed to. There is no way out of this situation except through sacrifice and hard work.

The recent episode has been a sad one for Americans. It is sad but true that too few, both in public and private life, have demonstrated the kind of leadership that will enable us to overcome this current condition. It deeply disturbs me that too many on both sides of the political aisle were willing to play politics. I take strong exception to those in the administration who claimed—wrongly in my view—that the crisis was over. In addition, the role of Congress provided a sorry chapter of events following the onset of the crisis. Too many in the Congress have been willing to play politics with a problem that touched every aspect of American life. At this late date, despite much activity and noise, Congress as a whole has not yet passed any legislation to increase the supply of oil and energy. Its principal legislative proposal, the Energy Emergency Act, has been denounced by several influential publications ranging from the Wall Street Journal to such papers as the Washington Post and the New Republic. In recent years, Members of Congress have deplored its diminishing role in govern-

mental affairs. Too often the White House has preempted the leadership role. Yet, nothing in the recent conduct of either House would indicate the Congress is ready to assume a leadership role.

One of the sorriest pages of the recent chronicle of events have been the lack of leadership in the oil industry itself. I had hoped that somewhere someone among the business leaders of this industry who have the expertise needed today would come up with some constructive proposals to make this Nation self-sufficient. Unfortunately, all one has heard is justification of high profits. Where are the men of vision and leadership, both in and out of government, who put the Nation's welfare above political ambitions or corporate profits?

With the end of the embargo, we have a new opportunity to develop an effective national energy program that will be in the interest of all the people. This also gives Congress the opportunity and the obligation to provide constructive leadership, leadership not subject to the personal ambitions of the Members of Congress. This is the time for the Congress to create an ad hoc energy committee that would look at all aspects of the problem rather than to take the piecemeal approach, marked by bitter competition among congressional committees.

In developing a national energy program, I believe the following additional things should be done:

First. Institute now a major research and development program that will make this Nation self-sufficient in the early 1980's. Let us put together the best group of scientists and managerial talent to lead the way. Do not say, it cannot be done. That was not the attitude which put a man on the moon.

Second. Reform depletion and other oil and gas tax advantages so that they will provide true incentives for new energy sources as well as honest to goodness competition in the industry.

Third. Move full steam ahead on allocation and standby rationing programs so that we are ready for any future emergency. The public will respond if persuaded the programs call for equal sacrifice and effort in all regions of the country and all parts of the economy. We need programs to insure fairness so that we can devote our full efforts to providing for all rather than more fighting over who will get more or less of what is available.

Fourth. Develop procedures that will assure a fair hearing to those who believe that their groups have been unfairly treated, such as the truckers and gasoline station owners. I strongly urge adoption of my legislation to create an Office of Private Grievances and Redress.

Fifth. Develop a strong energy conservation ethic. It is imperative in the days ahead that each of us conserve gasoline and other forms of energy to help insure the future growth of our economy.

Sixth. Develop policies that will put foreign nations on notice that this country will not sit idly by, but will take countermeasures in the event of future embargoes or blackmail.

All of this and more needs to be done. Let us put country and the people's welfare above profits and personal ambitions. Let us get on with the job.

REPORT ON INSPECTION TRIP OF ARMED FORCES PROGRAMS

Mr. STENNIS. Mr. President, I ask unanimous consent that there be printed in the RECORD a report to me, as chairman of the Armed Services Committee, from the ranking minority member, Senator THURMOND dated February 13, 1974. The report summarizes in a very brief and informative way certain weapons systems he observed during a visit to the plants which are producing these items. This report represents a firsthand observation of Senator THURMOND, and I know it will be of great interest to all Members of the Senate.

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

REPORT BY SENATOR STROM THURMOND TO SENATOR JOHN C. STENNIS, CHAIRMAN, SENATE ARMED SERVICES COMMITTEE, ON ORIENTATION TRIP TO PENNSYLVANIA, CONNECTICUT, AND VERMONT, FEBRUARY 13, 1974

Mr. Chairman, I am submitting herewith a report concerning my one-day orientation trip to inspect Army, Navy and Air Force programs at Philadelphia, Pennsylvania; Stratford, Connecticut and Burlington, Vermont. During this visit I was briefed and inspected progress on the following programs: UTTAS, HLH, CH-53E, General Electric T-700 engine and the GAU-8/A 30mm gun. The following are some of my observations concerning these programs:

1. Utility Tactical Transport Aircraft System (UTTAS)—On this trip I visited both contractors in the UTTAS competitive prototype competition, Boeing Vertol and Sikorsky. Each company has been authorized 3 flying prototypes. First flight is scheduled for November of 1974 although both expect to get their No. 1 aircraft airborne sometime during September.

Helicopters, with their complex rotor, drive and flight control systems require longer flight periods than fixed wing aircraft so 14 months of contractor tests and six months of user tests are planned. This aircraft will replace the HUEY and will be used essentially to transport personnel into combat landing zones. It will be able to carry a full squad of 11 men, thus enabling the Army to maintain the organizational integrity of the infantry squad. Presently the HUEY is too small and underpowered for this job. Essentially the two aircraft appear very similar although the Sikorsky helo is about 5 feet longer and employes a tail wheel as opposed to the Boeing nose wheel design. There are also differences in the rotor systems and blades. Boeing uses a fiberglass base structure in the blade whereas the Sikorsky helo depends on titanium for its structural integrity.

It appears that the intense competition is resulting in an outstanding design and production work, plus real cost savings. Experience in recent years indicates that relatively low cost hardware programs such as the UTTAS are best developed in this competitive prototype environment.

2. Heavy Lift Helicopter (HLH)—This program began with development of critical components and last year the Congress approved one prototype. In the current budget the Army is requesting a second prototype on the grounds it reduces the program risk and shortens the development period. The HLH is a totally new helo, using the fly-by-wire guidance method and a tandem rotor. It is designed to lift 22.5 tons under stringent ambient conditions and over 30 tons under normal conditions. This requirement is based on the new container configuration used by the Army and independent shippers. First flight is scheduled for August 1975.

3. CH-53E—This helicopter is a product improvement of the CH-53A and is being developed by Sikorsky. Two prototypes will be built and it is designed to lift 16 tons which is double the load of the CH-53A. This older aircraft is now in the foreigr sales program. The additional lift capability of the "E" model is achieved by adding a third engine, an extra rotor blade and other improvements. The Navy needs this particular size helicopter for below deck storage on aircraft carriers. It is actually a heavy lift helicopter, but of course can carry over 100 personnel and sizeable cargo loads internally, whereas the HLH is strictly a "lift" helicopter.

4. General Electric Engine, T-700—This engine was selected in competition for use on both UTTAS prototypes and will also be used on the AAH (Attack Helicopter). It has four major advantages over present helicopter engines. Briefly, they are:

(a) Lower fuel consumption.

(b) Use of a new type integral foreign object separator to keep the engine free of sand and dirt associated with takeoffs and landings.

(c) Lower maintainability due to access and engine construction. (A small set of wrenches are used for field maintenance.)

(d) Built-in design life three times greater than any other helicopter engine.

While this engine has met or exceeded requirements to date it faces a critical milestone in order to be cleared for the first UTTAS flight tests in September of 1974.

5. GAU-8/A 30MM Gun—This gun is very large and the A-10 fuselage was designed to accept it. It was built to defeat tanks at a greater than 4,000 foot slant range. Some recent development changes involved reduction of the huge drum from 41 to 34 inches in diameter. This gun is mounted in a nose section of the A-10 in Burlington, Vermont and it was demonstrated during my visit. This particular gun has fired about 8,000 rounds. Another gun is one of two prototypes at Edwards AFB, California and has fired 800 rounds in ground tests. The first flight tests are scheduled later this month.

The successful development of the GAU-8 is essential to the success of the A-10. Because of its great size, weight and power, flight tests will be critical, as a weapon of this type has never been fired from a relatively lightweight plane of this type. Also, crucial to the GAU-8 tests is adaptation of the depleted uranium or tungsten carbide penetrator round which to date has not been tested from the gun. A penetrator of great density is essential if the gun is to meet its armor killing requirement.

AEC USING MEANINGLESS SAFETY FIGURES

Mr. GRAVEL. Mr. President, recently the AEC paid professors at MIT 2 million tax dollars to estimate the probability of a nuclear power catastrophe. The report, which is known as the Rasmussen study, provides the AEC with figures like one-chance-in-a-billion per plant, per year according to the AEC.

The following warning about the report has been issued by the Committee for Nuclear Responsibility, P.O. Box 2329, Dublin, Calif. 94566:

FIGURES FROM THE STUDY ARE NECESSARILY MEANINGLESS

First reason is the difficulty of predicting either the frequency or the consequences of human error (and malice). Error or malice could instantly reduce the catastrophe-odds from 1-per-billion to near certainty. Estimates about the small chance of a nuclear disaster depend on the reckless assumption that operators of nuclear plants will make no serious errors during emergencies; also, that no demented or hostile people will try to destroy the plants.

Second reason is the lack of experience with operating nuclear hardware. Since the very first 1,000-megawatt nuclear plant went into operation in June 1973, experts have hardly one reactor-year of experience to examine. They can do little better than guess when they assign reliability estimates to nuclear hardware of this type. Furthermore, for 4 years straight, the AEC has had to scold and to fine nuclear equipment firms, engineering firms, and utilities for unacceptably sloppy quality-control, but according to a report in the Los Angeles Times, Dec. 26, 1973, the industry is still unresponsive.

Third reason is the unjustifiable assumption that nuclear safety-systems (some of them never tested) have been properly designed. This assumption denies all the recent nuclear "surprises" which show that nuclear engineers are failing to foresee all the design problems. If the design of a safety-system is defective, even perfectly working hardware will not make it effective.

Fourth reason is the flaw of assuming that all possible paths leading to a catastrophe have been recognized. As recently as October 1973, the AEC's Director of Regulation, L. Manning Muntzing, admitted to a Congressional Committee (JCAE): "I'm really concerned about some of the surprises we see". How many unsuspected paths to catastrophe are still waiting to be discovered?

OR IS IT 1-CHANCE-IN-90?

On January 31, 1974, AEC Commissioner Dixy Lee Ray testified to the JCAE that the chance of a core-meltdown is one-in-a-million per reactor per year (compared with 1-per-billion for a "catastrophe"). But, according to Dixy Lee Ray, "The study indicates that it [core-meltdown] would not be an extraordinarily large accident due to the presence of many other safety features."

It is clear why the AEC must suddenly deny that a core-meltdown could be a catastrophe. If the chance of a major meltdown were really as low as 1-in-a-million per reactor-year, and if we let the AEC license 280 plants for operation by 1985, it would mean the probability of a meltdown accident during the 40-year lifespan of those plants would be unacceptably high: one-chance-in-90.

WORLD SEEN NEAR A FOOD DISASTER

Mr. JAVITS. Mr. President, tomorrow, the Foreign Relations Committee will hold the first of 2 days of hearings on a new 3-year authorization of funds for the International Development Association, the soft loan window of the World Bank, designed to aid the world's poorest nations. Everyone who has studied the oil price increases demanded by the OPEC nations agrees that the developing countries will be the most seriously affected. Their economies are fragile and have few possibilities for the type of conservation measures that have so aided the United States recently. These countries are also unlikely to benefit from substantial new investments by the OPEC countries and cannot borrow easily in international financial markets. Their plight is extremely serious.

An article and editorial published in the New York Times emphasizes the seriousness of the situation. They deserve our attention, Mr. President, and I ask unanimous consent that the article by Harold Schmeck, Jr., and today's excellent editorial by James Reston be printed in the RECORD.

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

WORLD SEEN NEAR A FOOD DISASTER—ROCKEFELLER FUND HEAD ASKS NEW ETHIC OF AUSTERITY

(By Harold M. Schmeck, Jr.)

WASHINGTON, March 14.—Dr. John H. Knowles, president of the Rockefeller Foundation, said tonight that the world was coming close to the brink of a Malthusian disaster, with starvation and misery for millions, because of rising population, changing climate and economic perturbations such as the oil crisis.

Dr. Knowles called for a new ethic of austerity for the United States, as a world leader, to help the world avoid disaster.

The new ethic, he said, must involve controlled economic growth that conserves scarce resources, controlled fertility rate and markedly increased support for the World Bank, the United Nations and the Agency for International Development.

Above all, he said in a speech prepared for the Urban Institute here, there must be a recognition in the United States and abroad that world civilization is rightly interdependent and that concern for conservation must replace the traditional concerns for production and growth.

Dr. Knowles said he hoped that the American people would provide a model of moral and intellectual suasion for an interdependent world of nation states based on austerity and emphasizing the quality, as contrasted with the quantity of life.

The Rockefeller Foundation was a major force in producing the so-called "green revolution" that provided new high-yield types of grain for underdeveloped regions of the world. Some persons had hoped that these developments in agriculture would be a major factor in preventing world starvation, but the calculations depended on other factors, too, including control of population growth and favorable climate conditions.

Dr. Knowles said food scarcity and short energy supplies alike had hit the world with a jolt as the inexorable expansion of the world's population proceeded apace.

Changes in climatic conditions, with increasingly scarce water supplied in some areas such as the Indian subcontinent and parts of Africa, together with the need for increasing quantities of fertilizer and pesticides had helped bring the world close to Malthusian disaster, Dr. Knowles said.

He said the rising price of oil may prove to be the straw that breaks the world's back because of its adverse effect on nations that have a desperate need to increase their food supply.

Thomas Malthus, English economist of the late 18th and early 19th centuries predicted that ultimately population would outrun food supply and that the two would be brought into balance again only by starvation.

Among the 2½ billion people living in the world's less developed countries, Dr. Knowles said, 60 per cent are estimated to be malnourished, underdeveloped physically and poorly educated and 20 per cent are believed to be starving at this moment.

Dr. Knowles is the second high official of the Rockefeller Foundation to speak out in recent weeks on the potential gravity of the world food situation. At the annual meeting of the American Association for the Advancement of Science last month, Dr. J. George Harrar, president emeritus, warned that present levels of technology and natural resources would be insufficient to feed the world population of the future.

MCNAMARA LOOKS AHEAD

(By James Reston)

WASHINGTON, March 19—One of the charges made against officials and press alike during the oil crisis was that they did not alert their peoples in time to the magnitude of the problem. They saw the trend but not the stupendous dangers ahead, so now they are looking forward to even more serious world economic crises.

Here for example is Robert McNamara, president of the World Bank, asserting with almost missionary zeal that the rich nations have not yet calculated the economic and human consequences of quadrupled oil prices or even begun to grapple realistically with the food and fertilizer shortages he sees ahead.

A few years ago he protested publicly when C. P. Snow, the British scientist, predicted at Fulton, Mo., that before long the world would be watching "millions" of human beings on television dying of starvation. Now, he says, he is not so sure Lord Snow was overly pessimistic. One or two more seasons of bad weather, he oberves, and the human family will be enduring unimaginable disasters.

Helmut Schmidt, Minister of Finance of the Federal Republic of Germany, is almost as gloomy about the divisions among the advanced nations at a time when the world economy, despite rent boom conditions, is entering a phase of extraordinary instability.

Writing in foreign Affairs for April, he sees a struggle for the distribution of essential raw material developing in the world, with most nations looking to their own selfish interests and avoiding cooperative planning necessary to meet the common problems.

"It is a struggle for the distribution and use of the national product, a struggle for the world product . . . Mr. Schmidt says. "The struggle over oil prices may be followed tomorrow by a similar struggle over the prices of other import raw materials. And since what is at stake is not just pawns on a chessboard, but the peaceful evolution of the world economy and the prosperity of the nations of the world, we need a politically sound philosophy if we are to win this dangerous fight."

Mr. NcNamara's experts at the World Bank estimate that India alone will have to find an additional $1 billion a year just to pay the increased cost of oil at present prices. In addition, the hundred poorest countries of the world, where two billion people exist, 40 per cent of them in semi-starvation, the rise in fertilizer prices will cost them an additional $1 billion, which of course they do not have.

This year, he notes, the advanced nations of the world will have to pay $53 billion more for the same amount of oil products they consumed in 1973. The increase for all the poor nations will be $10 billion. Meanwhile, the increased revenues to the oil producing states this year will be on the order of $63 billion, and half of this going to Saudi Arabia, Kuwait, Qatar, Abu Dhabi and Libya.

"Were no other changes to affect international trade," McNamara says, "the 1973 current account surplus of the developed nations would turn into a deficit of $41 billion and the 1973 current account deficit of the developing nations would double to $23 billion.

"Such deficits," he concludes, "threaten the stability of the economies of the oil-consuming nations throughout the world. Individual nations may seek to finance the

deficits by unilateral, beggar-my-neighbor policies of drastic exchange rate adjustments and severe trade restrictions. But such efforts to expand exports and restrict imports, if pursued by many nations, can only lead to a worldwide deflationary spiral. . . ."

These anxieties are shared by Secretary of State Kissinger and the departing Secretary of the Treasury, George Shultz, yet while U.S. official development assistance to the world amounted to 2.79 per cent of the U.S. G.N.P. in 1949, it is now only .22 per cent, and the House of Representatives rejected last Jan. 23 U.S. participation in the replenishment of the International Development Association funds for the poorest nations.

Mr. McNamara called this at the time "an unmitigated disaster" and ever since he has been running around the world trying to persuade the rich nations to calculate the consequences of the coming world disorder. He got some promise of help from Iran ($200 million at 8 per cent interest and $150 million a year for soft long-term loans at 2 per cent) but he will have to get many more advance commitments to keep the international development assistance program going after July 1.

This is the somber prospect that helps explain Washington's irritation with the current squabbles among the allies over the procedures rather than the substance of the world economic crisis. Mr. Kissinger is alarmed by the disarray he sees in the world and exasperated with the slowness of coming to grips with it—sometimes exasperated at his own exasperation.

Mr. McNamara notes the fact that the most fighting has taken place in the poorest regions of the world and equates political stability with economic stability. Helmut Schmidt comes closer to the bone.

"In the short run," he says, "there is at least a point beyond which economic stability would be in jeopardy. And that point is reached whenever the industrialized countries are confronted with intolerable adaption and reorganization problems incapable of being solved at short notice and are thus driven into employment crises or toward an even higher rate of inflation. I do not wish even to contemplate a point—at least theoretically conceivable—beyond which the irrational use of force might ensue . . ."

A THREAT TO AMERICA'S FISHERMEN

Mr. McINTYRE. Mr. President, the New England fishing industry is as old as our country. Its traditions, like those of the Nation, are strong and durable. New Hampshire has played a major role in this industry for hundreds of years. However, in spite of these long-standing traditions, the fishing industry in New Hampshire, in New England, and up and down our coastlines is now being threatened.

Foreign fishing fleets are plundering our great reserves, operating without regard for conservation or preservation of fish populations—often just outside the present 12-mile territorial limit. These acts, which are not prevented by any current laws, can lead only to the demise of the American fishing industry.

For example, in 1966, of the 3 million tons of fish caught off New England, only 227,000 tons were caught by New England fishermen. Our fish populations are being depleted at our own expense.

It is in recognition of this grave threat and the necessity of extending our 12-mile territorial limit to 200 miles that I ask unanimous consent that the article, "The Need for Swift Action," appearing in the February 1974 issue of Field and Stream, be printed in the RECORD.

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

THE NEED FOR SWIFT ACTION

(By A. J. McClane)

On October 11th, 1973, Frank Mather of the Woods Hole Oceanographic Institution threw the gauntlet before a group of sportsmen, commercial fishermen, scientists, and members of the State and Interior departments in a meeting held at the National Marine Fisheries Service in Washington, D.C. In his coolly scientific way, with the aid of charts and slides, Mather condensed twenty-three years of research into a shockingly inescapable conclusion. For all practical purposes, our Atlantic bluefin tuna population is nearing extinction. Seemingly, this would have little impact except on a handful of anglers, but this is only one parameter in a problem that can no longer be ignored. The luxury of *speculating* on the management of American marine resources is past. It is now time to enact a Salt Water International Fishing Treaty.

Despite SWIFT'S origin at Field & Stream, the concept is not a brainchild of our Circulation Department; with an audience of 8 million readers and a 78-year tradition of helping to create conservation projects as the Pribilof Island Seal Treaty and Ducks Unlimited, Field & Stream seeks only to generate public support through all available media—to resolve another crisis of greater magnitude—because it affects every American citizen.

As anglers, our interest is essentially sport-oriented. However, the problem cannot be separated on the basis of specialized methods of harvest. Methods can be controlled, but the total loss of a fishery cannot be prevented without a basic understanding of how we as a nation, capable of producing spaceships that carry man to the moon—a lifeless planet—are incapable of preserving the viability of our oceans.

Man has until very recently viewed his seas as a vast, undepletable resource. Ever since Captain John Cabot returned from his first voyage to the New World—not with stories of exotic spices and gems—but tales of a region so filled with fishes that "they could be caught simply by lowering weighted baskets in the water"—the idea has persisted that the ocean's bounty is without limit. But under that 137-million square miles of water, only a narrow shelf around the earth's continents has the basic fertility to produce an abundance of aquatic life. It is concomitant to mention in these days of an energy crisis that our seabed lands also hold oil, gas, and hard mineral reserves that may well determine the future of our U.S. economy.

Thus, it is appropriate to define a coastal nation's rights to ocean resources—including their management—to the extension of its submerged continental landmass. The idea is not new. The Truman Proclamation of 1945 established the ground rules:

". . . The United States regards the natural resources of the subsoil and the seabed of the continental shelf beneath the high seas but contiguous to the coasts of the United States, as appertaining to the United States, subject to its jurisdiction and control."

President Truman's reasoning was as follows:

". . . the exercise of jurisdiction over the natural resources of the subsoil and the seabed of the continental shelf by the contiguous nation is reasonable and just since the effectiveness of measures to utilize cooperation and protection from the shore—since the continental shelf may be regarded as an extension of the landmass of the coastal nation and thus naturally appurtenant to it (since these resources frequently form a seaward extension of a pool or deposit lying with the territory) and since self-protection compels the coastal nation to keep close watch over activities off its shores which are of the nature necessary for the utilization of these resources."

While there is for the moment a workable agreement among nations with respect to those resources found in their seabeds, the critically vulnerable living resources are harvested under a variety of territorial limits established unilaterally, ranging from America's archaic 12-mile zone to the 200 miles of Ecuador, Peru, and Brazil. This created near military confrontations between the U.S. and Peru—and Great Britain and Iceland during last year's "Tuna and Cod Wars," which have centuries-old precedent beginning in 1625 when the Dutch Navy employed gunboats to protect its herring fleet. Many unsung battles have been fought in the past. However, gunboat diplomacy is far removed from intelligent marine-fisheries management—which thus far has played a minor role in the politically oriented meetings between nations. The American government has with blind consistency done nothing to unilaterally extend its 12-mile fishery zone, but chosen instead to seek mutual agreement with other countries—and failed—while the very resources we must protect are dwindling to the point of no return.

As diplomats we have been as effective as a one-legged man trying to win a behind-kicking contest.

The American position is ludicious when the Ecuadorian Navy, for example, employing vintage U.S. destroyers, effectively defends an *its* declared 200-mile limit against the tuna clippers of all nations while the fish off our own coast are being decimated by international conferences.

Until this year, the bluefin tuna of the Atlantic had no economic value on the American market. Tuna, as the mayonnaise-oriented house-wife cherishes it, is principally taken off California, Mexico, and the west coasts of South America and Africa, and includes the yellowfin and albacore. The Atlantic bluefin's chief value has been to anglers in the party-boat and charter-boat trades. In 1972, if you wanted to sell a tuna at dockside in Gloucester, it would bring a top five cents per pound.

This past summer the price rose to *one dollar and five cents* per pound—a rewarding figure for fish weighing from 600 to 900 pounds.

Finding the last remnants of giant bluefin schools off our New England coast, the Japanese commercials caught, bought, and airlifted every available tuna—14- to 20-year-old fish—which only a miracle can replace. This has been rationalized as an island nation's search for protein and has a prophetic parallel in the depletion of whales which is worthy of comment.

Japan maintains that whale meat is a major source of its protein, so in 1971, 12-million pounds of the product was exported to the U.S. in the form of pet food. Since that time a ban has been imposed here on utilizing endangered marine mammals. Blue and humpback whales are on the verge of extinction, yet Japan totally disregards all measures for conservation adopted by the International Whaling Commission.

The U.S. on the other hand is apple-pie moral. We made whaling illegal two years ago.

Just weeks ago Soviet vessels were sighted fifty miles off our Oregon coast, north of Florence, with whales in tow and lying dead in the water. This is not illegal. It occurred and will continue to occur beyond our 12-mile limit.

The conferences go on while the "song" of the humpback is a dying lament in the

graveyard of giants—marlin, tuna, swordfish—they are all becoming specters in a Jules Verne world with, ironically, a technological potential of *20,000 Leagues under the Sea.*

In an era of exploding human population throughout the globe, with a diminishing agricultural base, the utilization of food from the sea is a necessity which SWIFT does not deny, but aquatic crops, like farm crops, must be harvested at a sustainable level. This is not being done.

Although the United States was once the greatest fishing nation in the world, today we are importing 70 percent of our seafoods, nearly all of which are taken from our own continental shelf by ships of other countries.

Until the 1960s our stocks of cod, hake, haddock, herring, and other foodfishes were already declining in the Post World War II boom in commercial fishing. Then, from under leaden polar skies out of Murmansk, beyond the Arctic Circle, a vast electronically sophisticated fleet began emptying the Northwest Atlantic fishing grounds at a fantastic rate. Automated freezer factory ships, Soviet BMRTs, measuring the length of a football field and weighing over 3,000 tons, were stationed off the American coast and in their wake came an armada of 400 to 800 government-subsidized distant-water trawlers from Poland, East Germany, West Germany, Bulgaria, Spain, China, and Korea as well as Japanese seiners and longliners. Today the haddock has virtually disappeared. The cod and hake are not far behind. The population of herring—a basic plankton converter and one of the keys to ocean ecology—has declined by an estimated 90 percent in the last ten years.

During peak periods it's not unusual for the Coast Guard to sight over 200 foreign vessels working just outside the 12-mile limit. This armada is not confined to the Atlantic Ocean. Japanese and Soviet fleets forage the entire area from Alaska's Continental Shelf to Baja California in Mexico—consuming everything from black and striped marlin to the arrowtooth flounder. Even the Japanese admitted, at the most recent Billfish Symposium in Hawaii, that marlin populations are down, way down. But while our diplomats talk, the subject is being decimated.

In the past few years a number of privately funded organizations as well as state governments have presented bills to Congress and the Senate demanding a 200-mile territorial fishing limit. The Massachusetts Legislature, the New England Governor's Conference, the Emergency Committee to Save America's Marine Resources, and the American Fisheries. Society have spearheaded the drive. More recently, the National Coalition for Marine's Fisheries has become a powerful new forces in seeking what is just and reasonable. There are other organizations to be sure. The IGFA—saltwater angling's barometer of world opinion—has spoken out for the 200-mile limit.

SWIFT is not designed to usurp the role of these conservation groups but is, rather, an integrated emergency committee that will serve as a voice for all concerned citizens.

When we talk about extended jurisdiction to a 200-mile limit it's obvious that this would encompass the Bahamas as well as Cuba. Both countries would have much to gain in terms of future marine resources, which plays a vital role in their respective economics. Realistically, however, the sovereign rights of an archipelago and an island nation must be taken into account. Bilateral agreements with Canada and Mexico are a logical procedure, and having an equal stake in the future of both Atlantic and Pacific stocks of fish—both from a sport and food standpoint—these nations should offer strong support. However, time has run out.

As a result of the findings of our scientific Advisory Director, Frank Mather, SWIFT seeks the following regulations to be enacted:

(1) We demand unilaterally a 200-mile fisheries limit for a period of five years—same to be renewed or revised at the end of that period. This interim measure, we believe, is reasonable in terms of assessing and implementing practical management policies.

(2) To limit the commercial seine catch to bluefin tuna in the Northwest Atlantic to 1,000 tons annually.

(3) Prohibit the killing of tuna up to 12 pounds in weight in both the sport and commercial fisheries. This encompasses the now critical 1-year age class.

(4) Prohibit the use of any gear other than rod and reel with a maximum line test of 130 pounds, for tuna larger than 150 pounds This is similar to a new regulation already enacted by Canada—and eliminates longlines, harpoons, and handlines.

(5) Limit angling kills to one tuna of 150 pounds or more per day, or five "school" tuna not to exceed 150 pounds in the aggregate.

(6) Permit an unlimited number of released fish.

GRIZZLY BEARS: KILL OR PROTECT?

Mr. CRANSTON. Mr. President, a number of concerned Californians have been in touch with me about the endangered species status of the grizzly bear. Of particular and immediate concern is the annual grizzly bear hunting season in the national forest lands surrounding Yellowstone National Park.

The Department of the Interior will begin a study within the next 2 weeks to determine the size of the grizzly bear population and the extent to which the grizzly is threatened with extinction. In the interim, I have asked the Chief of the Forest Service, John R. McGuire, to suspend the grizzly bear hunt until this study is completed and the data carefully evaluated.

I ask unanimous consent that the text of my letter to Mr. McGuire be printed in the RECORD.

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

MARCH 14, 1974.

JOHN R. MCGUIRE,
Chief, U.S. Forest Service,
Washington, D.C. 20250

DEAR MR. MCGUIRE: I am writing with regard to the hunting season which will begin April 1, 1974, in the National Forests surrounding Yellowstone National Park. I am concerned particularly about the permits which will be issued by the Wyoming Game and Fish Commission for the taking of twelve grizzly bears on National Forest lands.

While the grizzly bear is not officially listed as an endangered species, there is evidence that this species is threatened. Because of conflicting views on the question, the Department of the Interior is about to begin a study to establish correctly both the size of the grizzly bear population and the extent to which the grizzly bear is threatened with extinction. The notice of this study is expected to be published in the Federal Register during the week of March 18.

I urge the Forest Service to suspend all grizzly bear hunting activities on the National Forest lands surrounding Yellowstone National Park until the study by the Interior Department is completed, and the data evaluated. In the event that the study shows the grizzly bear population can readily sustain the loss of twelve bears, the hunting season might then be opened.

I believe the Forest Service has the responsibility as the Agency managing the land on which the grizzly bear lives to protect a species whose continued existence is, at the very least, in question.

I look forward to your early response.

Sincerely,

ALAN CRANSTON.

GENERAL ASSEMBLY OF NORTH CAROLINA CALLS ON U.S. GOVERNMENT TO OBTAIN FROM GOVERNMENT OF NORTH VIETNAM AN ACCURATE ACCOUNTING OF ALL AMERICAN SERVICEMEN MISSING IN ACTION

Mr. HELMS. Mr. President, today I received from the Honorable Thad Eure, secretary of state of the State of North Carolina, a copy of a resolution from the General Assembly of North Carolina, which calls on the Government of the United States to obtain from the Government of North Vietnam an accurate accounting of all U.S. servicemen who are listed as missing in action.

Nearly 1 full year ago, all U.S. prisoners of war held by the Hanoi government were to have been released; but yet, to date, more than 1,200 U.S. servicemen remain unaccounted for. The Government of North Vietnam is legally obligated to make an accounting for these missing servicemen, but, to date, has not done so. It is a long overdue accounting that needs to take place and one which this Nation must demand of Hanoi.

Mr. President, the story of the suffering of the families of those still missing in action and otherwise unaccounted for is not new to us. The long years, for many, of futile hope, of despair, of family disruption calls out to us to take action on this matter.

I commend the General Assembly of North Carolina for bringing this matter to our attention and for letting the families of those 1,200 missing Americans know that the plight of their loved ones is not forgotten.

Mr. President, so that my colleagues in the Congress may have the opportunity of knowing the feelings of the General Assembly of North Carolina on this important matter, I ask unanimous consent that this resolution be printed in the RECORD.

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

A JOINT RESOLUTION CALLING UPON THE U.S. GOVERNMENT TO OBTAIN FROM THE GOVERNMENT OF NORTH VIETNAM AN ACCURATE ACCOUNTING OF ALL AMERICAN SERVICEMEN MISSING IN ACTION

Whereas, on March 27, 1973, all prisoners of war held by the government of North Vietnam were to be returned to their respective governments; and

Whereas, almost one year has passed and there are still over 1,200 servicemen whose whereabouts are unknown; and

Whereas, the POW-MIA story of this war has been a long and tragic one and the hopes and dreams which were generated in the hearts and minds of the families and friends of these brave men 12 months ago are still unfilled; and

Whereas, the government of North Vietnam adamantly continues its refusal to account for these brave men; and

Whereas, the families of these servicemen

continue to suffer in weakened spirits as the seasons pass, not knowing whether their loved ones are dead or alive; and

Whereas, the government of North Vietnam is legally obligated to make an accurate accounting for all of our servicemen;

Now, therefore, be it resolved by the Senate, the House of Representatives concurring:

Section 1. The General Assembly of North Carolina goes on record by calling upon the government of North Vietnam to live up to and abide by the terms of the Paris Agreement and cease hindering the legal search for our unaccounted for sons.

Sec. 2. We also go on record by calling upon the United States Government to make every effort to secure an accurate accounting of all of our missing personnel.

Sec. 3. We further declare that all North Carolinians will not forget these brave men whose whereabouts are still unknown.

Sec. 4. The Secretary of State is hereby directed to prepare and deliver certified copies of this resolution to the Secretary General of the United Nations, the Secretary of State of the United States, the President of the United States, the Governor of North Carolina, and to Congressmen and United States Senators of North Carolina.

Sec. 5. This resolution shall become effective upon ratification.

In the General Assembly read three times and ratified, this the 6th day of March 1974.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, for the past 7 years I have daily urged the Senate to take action on the genocide and other human rights conventions. With respect to the Genocide Convention, there has now been widespread support for this position in this administration, in previous administrations, among many of the most prominent members of the bar, among the press, and among many of my constituents.

In March 1971 hearings were completed by the subcommittee of the Committee on Foreign Relations on the Genocide Convention. As with the hearings in 1950 and 1970, that the large body of testimony was in favor of the convention attests to the intense interest in the convention and the widespread support of basic human rights. Indeed, such resistance as there is to ratification of this treaty seems to have abated in the 20 years since the original 1950 hearings.

I genuinely believe that this lessening of resistance can be attributed to the broader and deeper understanding of the provisions of the convention. It is most helpful that the provisions of the convention which seemed to raise so many questions and doubts have now been debated and explained by a great many eminent members and scholars of the bar, officials of the administration, and representatives in the United Nations.

It is my sincere hope that the Senate will not fail to ratify this important document.

FLORENCE PARKER

Mr. MONDALE. Mr. President, many Americans were deeply saddened by the death last month of Florence Parker. A native Minnesotan and a graduate of the University of Minnesota, Miss Parker was known for both her dedication as a public servant and for her lifelong devotion to the cooperative movement. An excellent biographical sketch of Miss Parker's career, written by Erma Angevine, appears in a book entitled "Great American Cooperators." I believe many of my colleagues would enjoy reading about this brilliant and very gifted woman.

Mr. President, I ask unanimous consent that the biographical sketch of Florence E. Parker be printed in the RECORD.

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

[From the book "Great American Cooperators"]

FLORENCE C. PARKER

(By Erma Angevine)

A statistician with a sense of humor; a cooperator with a sense of proportion; a historian with a sense of words. Florence E. Parker is at 75 one of the most vital, witty, and stimulating persons. She retired in 1952, 10 years ahead of schedule, to write a book. She went to San Diego to relax in the sunshine and live a life of quiet ease.

Miss Parker isn't the type for quiet ease. She set about at once to help organize a cooperative memorial association and at the same time to help coordinate a federation of California memorial societies. She's still at it.

Let's go back a bit.

Florence E. Parker was born in Minneapolis August 19, 1891. She was graduated from the University of Minnesota, where she majored in English, and joined the working force at a time when opportunities for women were extremely limited.

Miss Parker's first job was to proofread a 1250-page compilation of labor laws for the United States Bureau of Labor Statistics in Washington, D.C. Rather than let this document overwhelm her, she characteristically amused herself and her fellow workers by reading to them ridiculous statements that she unearthed: "Sponges shall not be shipped from any port less than six inches in diameter," a Florida law read. "Miners shall not be lowered into nor hoisted out of any mine with gunpowder," was the law in Colorado.

Miss Parker says her sense of humor won her a place on the editorial staff of the department "in spite of my being a woman." Having worked her way through college, she sympathized with labor. These liberal, pro-labor feelings led her into field studies on union activities—pension plans, welfare measures for disabled and aged members, and a 300-page volume on care of the aged in the United States.

FINDS "LIFE-LONG ABSORPTION" IN CO-OP DEVELOPMENT

Cooperatives entered her life in 1920 when she accepted an assignment to look into self-help projects and found a "life-long absorption." She wrote, and the Bureau of Labor Statistics published reports on consumer, self-help, worker, student, and housing cooperatives. She wrote about taxation of cooperatives and turned out the annual reports on statistics of operation and developments among cooperatives.

Second in command of the editorial division and assistant editor of the Bureau's *Monthly Labor Review*, Miss Parker interested herself in the ups and downs of co-ops throughout the U.S. She was a charter member and organizer of the Department of Labor Credit Union; president and director of Rochdale Cooperative in the nation's capital; and a director of the Cooperative League of the USA.

In 1946, Miss Parker became the Bureau's full-time Specialist on Cooperatives. Of her new job, she said, "It's like going to heaven without having to die."

The Bureau sent her to co-op meetings here and abroad. She attended all biennial congresses of the Cooperative League from 1920 to 1956. She sat on the back row at Eastern Cooperative League (now called Eastern Cooperatives) meetings and was usually introduced as "Miss Parker, the aunt of the cooperative movement."

She knew more about what was going on than many co-op leaders—and she could both praise and scold those responsible. She understood the co-op's operating statement and could take it apart digit by digit.

In addition to many pamphlets and articles about U.S. cooperatives, she wrote two books based on her observations at International Cooperative Alliance Congresses in Czechoslovakia in 1948 and Denmark in 1951: *Cooperatives in Postwar Europe* and *International Aspects of the Cooperative Movement*. Joining with Helen Cowan she also wrote *Cooperative Associations in Europe and Their Possibilities for Postwar Reconstruction*.

WRITES MONUMENTAL HISTORY OF CONSUMERS CO-OPS

One reason she elected to retire early was to concentrate on a special project she'd been planning for years. She wanted to write a history of consumer cooperatives in this country. Miss Parker already had much of the research on file. She knew of obscure cooperatives that others had never heard about. She knew managers, directors, and members. Her reputation for research gave her access to personal files of cooperatives leaders.

For the first five months after she retired, she visited cooperatives and co-op people all over the country. For the following 18 months she wrote. Her first draft was monumental—1,800 single-spaced legal size pages. She revised her manuscript three times and then looked for a publisher.

The First 125 Years: a History of Distributive and Service Cooperation in the United States, 1829–1954, was published by the Cooperative League in 1956.

In her book Miss Parker centers her attention on consumer and service cooperatives. Her meticulous research, however, led her to examine all kinds of cooperatives. Her book is the definitive volume on the history of consumer cooperation in the U.S. She notes the early beginnings with the New England Association of Farmers, Mechanics, and other Workingmen in 1831, the farm co-ops of the Grange after the Civil War, and the 45 electric power cooperatives that predated the Rural Electrification Administration. Her book is not just a history. It is an evaluation of cooperatives past, present and future.

In the dedication of *The First 125 Years*, Miss Parker writes:

"Still fairly young when I first began to read cooperative literature, attend meetings, and absorb the cooperative philosophy, I then envisioned cooperatives as instruments entirely of brotherhood and sweetness and light. This illusion was rudely shattered at the very first Cooperative Congress I attended—that of 1920. For that meeting was marked by a knock-down and drag-out oral battle between the Cooperative League's representatives (notably its president) and those of regional organizations of the Midwest and Far West whose practices deviated from accepted Rochdale methods. At that Congress I learned that even cooperators were not exempt from the American passion for bigness and speed and that some of them would resort to questionable tactics to obtain 'results.'

"This was the first of a long series of revelations showing that the cooperative movement is above all one of people—people of

all sorts and descriptions: Some who joined only because of what they could get out of it in dollars and cents. Some who did not by any means disdain the possible economic advantages, but also caught a gleam of something shining beyond. And some who envisioned the store or other enterprise merely as a valuable means to the larger end of a broader, fuller life open to an ever-growing circle of people, with services provided for use and not profit. For this ultimate aim, thousands have worked and sacrificed with single-minded devotion and a few have even laid down their lives.

"This is not to say that anywhere near all the effort has been on a selfless, lofty plane. The cooperative movement has by no means been free of personal ambition, of bitter antipathies, of petty bickering and politicking, or of many honest differences of opinion as to ways and means. All of these have been present, and many a cooperative has been torn and even wrecked, primarily because two men or two factions could not get along with each other and neither would yield.

"Since the cooperative movement is one of personalities, it is peculiarly subject to all of the human characteristics. Its successes are the result of the higher qualities of leadership, high ideals, perseverance, and courage. Its failures have been the result of human frailties, of inexperience and short vision.

"By and large, I venture to say, few if any economic movements have elicited more devoted, disinterested service than the cooperative movement. Over the years certain cooperators stand out like beacon lights."

One of those beacon lights now and always will be Florence E. Parker.

THE CURRENT ENERGY SHORTAGE

Mr. TOWER. Mr. President, I wish to present to the Senate a memorial resolution of the Senate of the State of Texas sponsored in that body by Senator Ron Clower. The resolution expresses the views of the senate in connection with the current energy shortage and merits the attention and thoughtful consideration of the Senate of the United States. I ask unanimous consent to have my letter to Senator Clower, his reply, and the resolution printed in the RECORD.

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

MARCH 14, 1974.

Hon. RON CLOWER,
Senate of the State of Texas,
Austin, Tex.

DEAR SENATOR CLOWER: I appreciate very much the resolution which you forwarded from the Senate of the State of Texas. As I believe the United States Senate should have the views of the Texas Senate before it in its deliberations of the various energy measures now pending, I shall take the liberty of inserting the resolution in the Record. However, since I differ to some extent with some of the views expressed in the resolution, I shall also insert therewith a copy of this letter.

Let me say first that I generally agree quite strongly with the positions taken in the resolution. However, I have reservations about demanding the immediate elimination of the foreign depletion allowance because I do not know whether such a measure would impact adversely on drilling in the North Sea or investments in the Caribbean, and thus how it would impact on the supplies of some of this Nation's very strong allies and good friends. Furthermore, I would encourage careful consideration by EPA of the costs and benefits of removal of automobile pollution-control devices and very careful study by the Commerce Department of embargoes. The same effect as that of an embargo may well be achieved by removal of price controls, which I favor.

Sincerely yours,

JOHN TOWER.

THE SENATE OF
THE STATE OF TEXAS,
Austin, February 1, 1974.

Senator JOHN G. TOWER,
Old Senate Office Building,
Washington, D.C.

DEAR SENATOR TOWER: During a recent special session of the Texas legislature called by the Governor to deal with lowering the maximum speed limit, I introduced the enclosed memorial resolution. It was designed to bring to the attention of the U.S. Congress several methods by which the current fuel crisis might possibly be eased.

Because Texas produces more petroleum than any other single state in this nation, we are vitally concerned with finding ways that our finite resources can be developed to their maximum potential. Part of this developmental process should be an informed and unified effort to identify and bring into production the energy resources of every state.

I hope that you will consider the proposals herein and call them to the attention of the appropriate agencies or legislative committees. Our current energy problems are real, but they need not create a disastrous economic situation if the leaders of state and national government will encourage the most efficient recovery of current energy resources as well as the rapid development of new sources.

The people of Texas and of this nation are looking to you for leadership in this time of testing.

Sincerely,

RON CLOWER.

SENATE RESOLUTION

Whereas, Throughout the history of this nation, the United States of America has faced and overcome crises of war, economic disaster, and political upheavals; and

Whereas, Currently, the people of this country are dedicating themselves to an all-out effort in solving the energy crisis, and it is imperative that the Congress of the United States take positive action by enacting legislation which will assure for the nation the energy resources necessary to alleviate the present situation, looking to a time in the not too distant future when energy reserves will be sufficient to meet foreseeable needs; and

Whereas, The State of Texas has long been willing and ready to share its natural gas and oil reserves with sister states not so generously endowed, but Texas resources are fast nearing a stage of depletion and it is in the interest of Texas citizens as well as those of the entire United States that affirmative steps be instituted by the Congress to meet the energy needs of this nation without further delay; now, therefore, be it

Resolved by the Senate of the 63rd Legislature, 1st Called Session, That the Senate of the State of Texas hereby memorialize the Congress of the United States to enact legislation to relieve the energy crisis by

(1) removing the ceiling price on natural gas at the well head on all gas from new sources brought into production after January 1, 1974;

(2) increasing the oil depletion allowance to stimulate exploration, recovering marginally productive areas, and for research into new energy sources, such as oil shale, solar, geothermal, or liquefied and gasified lignite;

(3) removing the depletion allowance on all foreign oil and gas exploration and production;

(4) encouraging the reconversion of existing power facilities that burn fuel oil and/or natural gas to coal, providing that environmental controls are sufficient to maintain an acceptable air quality level;

(5) directing the Environmental Protection Agency to draw up a plan for the temporary selective removal of gas- and power-robbing pollution control devices from automobiles and trucks, provided that the removal of such devices be permitted only in those areas where the air standards are above the minimally acceptable levels estabilshed by the Environmental Protection Agency;

(6) imposing an embargo on the export of crude oil, refined oil products, or natural gas until such time as the normal flow of these products is reestabilshed in the world market;

(7) imposing an embargo on the export of rolled steel products until such time as manufactured goods of rolled steel are in sufficient supply to meet the demand created by increased exploration and development in the petroleum industry; and

(8) removing the price ceiling on rolled steel products; and, be it further

Resolved, That the Senate of the State of Texas also request the Congress to consider a selective embargo to apply to all countries now participating in a petroleum embargo in this country, such embargo to include, but not be restricted to, manufactured goods, especially those related directly to the production or consumption of petroleum, foodstuffs, and other similar items; and, be it further

Resolved, That copies of this Resolution be forwarded to each Stnator and Representative in the Congress from Texas, with the request that this Resolution be officially entered in the Congressional Record as a Memorial to the Congress; and, be it further

Resolved, That copies of this Resolution also be sent to the presiding officers of the legislatures or assemblies of every state, territory, and protectorate of the United States of America.

NUCLEAR POWER: SHOWDOWN THIS YEAR ON INSURANCE

Mr. GRAVEL. Mr. President, I am pleased to learn that various citizen groups may mobilize as a coalition to insist on meaningful changes in the Price-Anderson Act. Its renewal will probably come up for a vote this year, although it does not expire until August 1977. When the vote is taken, it must be a rollcall vote, unlike the votes in 1957. Citizens have a right to know whether their representatives stand with a handful of nuclear investors or with the people on this matter.

Members of Congress who would like to know more about this issue can learn a great deal from the insurance commissioner of Pennsylvania, Dr. Herbert S. Denenberg, Harrisburg, Pa. 19120. He held 3 days of hearings on the subject during August 1973 in Philadelphia. His office has issued "A Citizen's Guide to Nuclear Non-Insurance," and the January 1974 issue of Prevention magazine carries his article entitled, "Nuclear Energy Is an Insurance Swindle."

In January 1974, Dr. Denenberg submitted proposed revisions for the Price-Anderson Act to the Joint Committee on Atomic Energy, and he accused the nuclear industry of "hypocrisy" on the insurance issue. "Out of one side of the mouth they say that nuclear power is so safe that the public need not worry, but

out of the other they claim they need protection from liability in case they are wrong."

One of the earliest groups to take a stand on the subject of Price-Anderson is the Sierra Club, at 324 C Street SE., Washington, D.C. 20003. In October 1972, the Sierra Club board passed the following resolution:

As a means of internalizing the cost incident to the use of nuclear power, the Sierra Club favors the repeal of the limited liability provisions of the Price-Anderson Act.

UTILITIES WANT ACTION THIS YEAR

It is interesting to note that when my bill to repeal the Price-Anderson Act was before the Joint Committee in 1971 and 1972, the committee held no hearings. However, on September 18, 1973, when the committee announced it would open hearings in 1974, Chairman MELVIN PRICE of Illinois explained as follows:

From time to time, representatives of the electrical utility industry have urged the Committee to consider the matter of the possible extension or modification of the Act during the present session of the Congress in order to prevent an unwarranted disruption in the planning process for nuclear power plants.

Does this suggest that electric utilities would still refuse to build nuclear powerplants if they were held fully liable for the accidents they claim will never happen?

RESTORING LIABILITY, THE PRINCIPAL RESTRAINT ON RECKLESS ACTIVITY

I favor repealing the Price-Anderson Act as it applies to commercial nuclear powerplants and related facilities. The principle is simple. A corporation which causes a nuclear activity to occur should accept full financial liability for damage which its activity may inflict on the public.

It is disconcerting in the extreme to realize that the nuclear power industry is rapidly expanding under a law which not only acknowledges that giant nuclear accidents can happen, but then proceeds to remove the principal restraint which normally operates to prevent reckless activities; namely, full liability for public damages.

If there is any foggy thinking about nuclear safety among utility directors and bankers, there would be no fog cutter more effective than having to put assets at risk.

Instead of Price-Anderson, we need a law which removes all Government insurance aid, and which requires nuclear utilities to put their own assets on the line if they cannot buy private insurance. However, the new legislation must retain the "no fault" provisions in the present law, since negligence might be impossible for claimants to prove if no one could even approach the radioactive debris after an accident. Additionally, the law must include certain other waivers of defense, and deal with the problem of radiation-induced cancers which take 10 or 20 years to appear and then look just like other cancers.

CONGRESS WILL HAVE TO ACT

If it is no longer conceivable for nuclear powerplants to have the disastrous radioactive releases which prompted the act in the first place, then the nuclear industry would not miss the protection of that act. However, AEC Commissioner Doub testified to the Joint Committee on January 31, 1974, as follows:

Today as in 1957 and again in 1966, we can not say that there is no chance of a major nuclear incident, despite all the safety measures that are and could realistically be taken.

If it is possible for catastrophic nuclear accidents to happen, then it is surely time for Congress to correct the unfairness of putting the risk on the victims instead of the investors. More important, we must examine the morality of encouraging such a technology at all, especially in view of the safe alternatives like direct and indirect solar energy—including windpower.

VIETNAM VETERANS DAY

Mr. TOWER. Mr. President, on March 29 this country celebrates Vietnam Veterans Day, to commemorate the day the last U.S. combat troops left Vietnam.

I think that this observance is of critical importance to the Nation in that all Americans owe a debt to the Vietnam veteran which we should publicly acknowledge. Unfortunately, many of our Vietnam veterans feel that they returned to a nation which did not care about their sufferings, respect their endeavors, or appreciate the sacrifices they made.

Whether you supported or opposed this country's Vietnam policies and handling of the conflict is not the question. The Vietnam veteran was not the policymaker. He merely did his job and did it well and he should be honored for doing so.

We cannot and we must not forget our veterans who have fought this country's wars. A day's observance is little enough to ask—a day in which each of us can say that we realize the sacrifices made and are thankful to our Vietnam veterans.

CONGRESS AND THE PRESIDENT

Mr. MUSKIE. Mr. President, in the Outlook section of yesterday's Washington Post, there appeared an article by Richard Goodwin which I think merits the thoughtful attention of all of us in the Congress.

The article, entitled "Clipping White House Wings," is an examination of the evolution of the imbalance of power between the executive and legislative branches of the Federal Government. In the article, Mr. Goodwin avoids a common oversimplification of the problem which usually finds the Congress being blamed for a simple lack of backbone and the President for singleminded and excessive hunger for power. There are, of course, many other variables in the power equation, as Mr. Goodwin points out, and many other questions to be asked.

Among these are the changing role of the National Government, an antiquated congressional structure, and management and oversight problems grown so complex that even the most versatile of us find it difficult to keep up, given the limited information resources available to us today.

Unfortunately, this situation breeds cynicism toward Government, even among those of us who know so well the difficulties of redressing the imbalance. Yet Mr. Goodwin notes that we can take heart at the prospects for change. Ironically, things may have gotten so bad that we can now see that "even though the President's power is a consequence of modern conditions, it is not a necessity."

I hope that we in Congress will take a serious look at some of the questions raised by Mr. Goodwin in the very near future. I ask unanimous consent that his article be printed in the RECORD.

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

A TIME FOR CLIPPING WHITE HOUSE WINGS

(By Richard N. Goodwin)

(Goodwin, a speechwriter for Presidents Kennedy and Johnson, is the author of "The American Condition." This article is excerpted from the current issue of Rolling Stone.)

We may yet have one reason to be grateful to Richard Nixon if his conduct in office awakens us from our obsessive concern with the character, personality or intentions of individuals, and reminds us that decency and self-restraint are interesting qualities but not to be counted on. The venalities of the past few years are personal to the character of this administration, but the fact they could be committed can only mean that the democratic structure has broken down.

Every modern President, with the possible exception of Eisenhower, has had occasional fantasies of benevolent tyranny and sincerely believed that the welfare of the country would be improved if he could run things as he wished without the interference of Congress, courts, press and public opinion. Most of them have expressed such sentiments to intimates. They were restrained from exercising such power, not by abstract conviction about the nature of democracy, but by institutions, laws, traditions, and centers of private power within the society.

We failed to respond to the erosion of these restraints largely because most of our Presidents have been honest and relatively benevolent and their purposes have coincided with those of the citizenry. It took the advent of Lyndon Johnson and Richard Nixon to remind us of history's elemental lesson. Some must be permitted power but no one can be trusted with power—not Gerry Ford, Henry Jackson or even Henry Kissinger.

We have had strong Presidents throughout our history. Nevertheless, the presidency which has developed during the last decade does not differ only in degree from its predecessors, nor is it an adaptation of traditional structures to new historical circumstances. It is a novel institution, a rupture with tradition which cannot be masked by the most diligent efforts to compare Jefferson's handling of the Barbary pirates to the war in Vietnam or Polk's authority to order a few troops into disputed territory with the power to blow up the advanced industrial world.

Franklin Roosevelt managed to conduct the entire New Deal and World War II with a personal staff smaller than the number of men needed to cook lunch for the battalions of faceless ministers who now swarm through the corridors of the White House, the Executive Office Building, and, perhaps, other structures whose existence has not yet been disclosed. These men are not advisers; merely to listen to them for five minutes each would consume most of a presidential term. They are an independent bureaucracy whose authority extends to every function of government. In a kind of constitutional mockery, the Congress dutifully evaluates and confirms

presidential appointees and its committees sternly interrogate cabinet members, while the real government toils on in seclusion, its activities so extensive that even the President cannot keep informed of its myriad deeds.

Congress' loss of authority has coincided—and not by coincidence—with a transforming change in the function of government from framing and enforcing legislation to regulation and the conduct of foreign affairs. A presidential staff charged with drafting laws for submission to Congress was an innovation, but not a danger. One which is invested with the modern power to regulate the economic process, and the multiplying relationships between the citizen and the state, has usurped the authority to govern.

By allowing its own powers to be diminished, Congress has seriously weakened what Hamilton described as "the two greatest securities" of the people "for the faithful exercise of any delegated power." First, the restraints of public opinion" which, Hamilton pointed out, would "lose their efficacy" if it was necessary to divide censure among a number or if there was any "uncertainty on who it ought to fall; and, secondly the opportunity of discovering with facility and clearness the misconduct of the persons they trust, in order either to their removal from office, or to their actual punishment in cases which admit of it."

The impeachment of the President will not, by itself, restore these restraints; the conditions which permit abuse would still remain. It is not enough to throw out the thieves, it is also necessary to dismantle the den; to reduce the power of the executive and rebuild, as best we can, barriers against presidential ambition and desires.

For decades American Presidents have been probing and extending the limits of the emerging executive power, and Mr. Nixon, for all his excesses, probably fell far short of existing possibilities, undone by incompetence and triviality. For power breeds power and, if the process is not checked, will some day override all restraints; if, indeed, that point has not already been passed without our having noticed or understood.

The languishing democratic process cannot be restored simply by exhorting the President to self-restraint or the Congress to self-assertion. "Power" is an abstraction, but its exercises requires tangible organization and institutions. Those involved in women's liberation have repealed Freud's dictum that anatomy is destiny, but it is still true that in government, structure is power. The present executive metastasis can be arrested only by changes in the instruments which permit the exercise and accumulation of an authority which is both unnecessary to the national well-being and dangerous to the nation's liberty. We already have the formal power to make such changes. And one can readily illustrate the kinds of modifications which are required.

One would begin, for example, by eliminating the presidential bureaucracy—through a simple congressional refusal to renew its annual authorization and approval. The President should be permitted a few speechwriters and personal assistants, a couple of press secretaries and a crony or two. But a President, mindful of tradition, might restrict himself to 11—the number who served Franklin Roosevelt. The presidency does not need a private super-department to manage the public departments whose officials he also appoints and directs.

We have been told by every President since Eisenhower that a mushrooming foreign policy staff was a necessity of the complex modern world. Then Henry Kissinger moved down the street to the State Department, trailing clouds of power as he went. The justifications for other, less sensitive activities secluded within the White House are equally mythological.

Nothing is done—legally and in the public interest—by the presidential staff which cannot be accomplished by public agencies subject to those public and congressional restraints provided by the democratic process. Perhaps a good President might be trusted with a private government, but only theologians can be permitted to rely on the coincidence of goodness with power.

The ability to conduct national affairs in secret deprives Congress and public of influence on the process of decision; it encourages conspiracy between private interests, executive employees and a handful of powerful congressmen. Moreover, the systematic abuse of power requires a lot of time and a lot of people. Even the most corrupt power-hungry and energetic President cannot—by himself or with a few assistants—run a spy system, issue secret orders to "independent" agencies, infiltrate the department with loyal subordinates, pay off friends and supporters, monitor the media and pursue "enemies." A general without a loyal army may abuse his authority but he cannot become a tyrant.

The independent regulatory agencies should follow the presidential bureaucracy into the limbo of discarded deformities. These agencies were established to regulate import sectors of the economy—railroads, airlines communications and media, stock market, etc. Since their decisions directly influence the personal fortunes of individuals and the earnings of companies—the ability to bestow or deny wealth—careful effort was made to insulate the agencies from the pressures of politics and the coercion of politicians.

Time and corruption transformed this "independence" into a shield behind which agencies and the industries they were to regulate formed alliances against the public interest they were to protect. As a result, in the late Fifties and early Sixties, a variety of studies—conducted privately and by the government—recommended their abolition. But the businesses which had violently protested their creation fought to preserve them. And nothing was done. The Nixon administration, with its genius for innovative advance, discovered that regulatory agencies could be used, not only to help business in general, but to serve those particular interests and companies though specially deserving of presidential favor, and those who had yielded to presidential blackmail.

It is time to follow recommendations—made by many during recent decades—to transfer the judicial functions to courts, whose independence is more secure, and to place the legislative power in government departments scrutiny of Congress and public. Even better, Congress might enact general regulations into law thus reassuming the legislative authority it has abdicated in the name of permitting "administrative discretion."

It will be harder to guard against the sprawling apparatus dedicated to enforcing the law, collecting taxes, compiling intelligence, spying on individuals, and protecting the national security against all enemies real or imagined. Like all good bureaucracies, these organizations want to grow—to add functions and extend jurisdiction—but never to eliminate the redundant or obsolete. And that mischief which is due to idle hands, the need to make use of an excess of money or an agent, is sheltered by their relative secrecy of operation. By undertaking to redraft and reenact the legislation which establishes those varied functions, Congress could provide a public review which might at least serve to expose waste, incompetence and obsolescence.

Although one cannot eliminate all the dangers inherent in the inconsistency between democracy and a national police, some protection could be provided by the establishment of joint congressional committees to share presidential authority over the bureaus of intelligence and law enforcement. It would be necessary to equip such committees with professional staffs large enough to monitor all their operations. It cannot be assumed that any congressional committee will prove a zealous guardian of civil liberties, but, if only from self interest, a congressional group might be counted on to obstuct lawless acts intended to advance the political fortunes of the President and his party. Certainly, it will increase the number of those who must be enlisted for illegal conspiracies.

Reductions in presidential authority will not, by themselves, eliminate the varied incapacities which have brought the Congress to its present low estate. Congress has been enfeebled, not by the personal defects of its members, but by the nature of modern politics and by the inadequacies of congressional organization.

Every member of Congress must share his constituency with the President. Open conflict is a risk made to appear far more dangerous by the President's exclusive access to mass media. Potentially damaging controversy can most readily be avoided by abandoning responsibility, by letting the President decide. This is the course dictated by contemporary politicial wisdom, except when issues touch the immediate interests of a district or on those rare occasions when public passions force a congressman to a choice. Moreover, the same large private interests which benefit from presidential power also support and influence members of Congress, while the President can use his power over federal resources to enrich the districts of the faithful.

Reducing executive authority along the lines suggested here will dilute some of those political weapons of control, but opposition to even a moderately popular President will never be made to seem a safe or easy course.

And even if changing political conditions instill Congress with the will and courage to reassert its powers, the way will be blocked by a legislative organization based in impotence. Congressional committees, for example, are often little more than executive enclaves within the legislative branch. "Key congressmen"—the ranking members of important committees—are permitted to share the rewards and even the authority of the administration, in return for helping to protect the executive against unwanted interventions by the Congress. Their relationship with the executive, with which they also share a distaste for the hazards of public debate and legislative interference is far more rewarding than their ties to other members, or to the Congress as an institution. That is why the White House staff has hastened to assert jurisdiction over these congressional relations which once helped executive departments to maintain some independence of the presidential will.

The most important source of congressional subservience, however, is not the committee structure or the seniority system, but the inability of members to obtain and use that expert knowledge and information which, given the complexity of modern government, has become necessary to the exercise of power. The official who visits Capitol Hill to argue the President's case is backed up by studies and memos, supported by battalions of specialists and statisticians, flanked by assistants eager to provide a missing fact or suggest the answer to an awkward question. The congressman, on the other hand, is rarely equipped to debate the executive, or even to comprehend what is being newly proposed or what ongoing activities he is expected to support.

A Congress determined to share in the conduct of affairs will need its own counterpart to the Bureau of the Budget—a congressional institution large enough to monitor and evaluate executive activities, to master

the details of complicated legislation, and to provide new ideas and specific recommendations for congressional initiatives to resolve important national problems.

It is also, and equally, responsible for ending inflation, reducing crime, or helping the poor. We cannot be sure that congressmen will want to forefeit the relative comfort and tranquility made possible by the abdication of this responsibility. But the most zealous Congress cannot act without the resources needed to examine and understand the afflictions of the nation.

This new congressional agency will not be effective if it simply disgorges vast quantities of memos and studies for men who are already inundated by more material than they can read or master. Its officials and experts should participate directly in committee interrogations of their executive counterparts. Their expertise, their scrutiny of executive actions, and their continuing examinations of national problems would be freely available to all members and, in most cases, to the public.

Congress is democracy's only public forum, and its power to force debate and disclosure is also the most important instrument for the participation of the citizen. That power is drained of all content and meaning by congressional ignorance, or by congressional dependence on information that the executive tells it. If the deeds and policies of government are not subjected to the open clash of the diverse interests and ideas which Congress represents, there can be no public will or popular government, only a plebiscite.

It will not be easy to reverse the accumulation of presidential authority. Yet the prospects have been brightened by the emerging realization that the restoration of democratic principle is also a necessity of effective government. It now appears that even though the President's power is a consequence of modern conditions, it is not a necessity. Our problems and circumstances do not require a usurping executive and an enfeebled Congress.

Indeed, the clearest lesson of the past decade is that the removal of restraints breeds massive incompetence, increases the likelihood of actions and policies which damage the national well-being. The large industrial bureaucracies which dominate the modern economy have been a principal cause and support of increased presidential power, finding it more congenial to deal in secret with a small group of fellow executives than to master the confusions of the democratic process. They now discover that the price of this support has been an end to the sustained economic expansion of the postwar period. Surely an entire decade of misrule is enough to convince even the most skeptical that we are not the victims of bad luck, but of more fundamental defects in the organization of the state.

There is no guarantee against error but to concentrate power over the immense complexities of modern life, to reduce public debate and congressional participation, is to make error inevitable, and to ensure recurrent crises each of which will lead to further encroachments by an executive anxious to mask its failures and subdue the opposition which failure arouses. We are far more likely to increase our economic well-being, resolve our social problems, and avoid self-destructive world policies amid the confusions of democracy than in the quiet intrigue of executive chambers.

LONG ISLAND SOUND STUDY

Mr. RIBICOFF. Mr. President, On March 18, 1974, in Stamford, Conn., the Senate Subcommittee on Reorganization, Research and International Organizations which I chair held the fifth in its series of hearings on the future of Long Island Sound.

The hearing was held to receive the preliminary staff draft of the New England River Basins Commission's Long Island Sound study.

I ask unanimous consent that my opening statement describing the background of the study and its importance be printed in the RECORD.

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

STATEMENT OF SENATOR ABE RIBICOFF

We are here today to begin the most crucial public campaign ever mounted to preserve and protect Long Island Sound.

For thousands of years—ever since mammoth glaciers moved across New England to the Atlantic Ocean—the Long Island Sound has been a source of beauty and bounty.

But over the last few decades the Sound has been severely damaged.

When I was a boy you could swim anywhere in the Sound. I remember the delight of eating steamed clams, crab, oysters and lobster taken from the Sound. The wetlands were teeming with different varieties of water fowl. Few were the days when we couldn't see the Long Island shore.

The view has changed since those days—and so has the Sound itself.

The great press of people and commerce to the shores of the Sound has—ironically—failed to bring with it a greater conscience, a greater awareness of the delicate balance between man and nature.

Bulldozers often moved ahead of thoughtful planning. Tankers and industry rolled in before clean air and water were of any concern. It was easier and cheaper to run a pipe into the Sound than to put in a sewage treatment plant.

What was once a rich, fluid extension of the Atlantic Ocean has become an urban sea that in some spots has ceased to sustain anything but algae.

What is more dismaying is the illusion that we can continue to use the Sound as an industrial park.

Too recent are the battles we have fought together to stop so-called "planners" from moving their irrational ideas from the drawingboard to the Sound. And our victories have been hard won.

Just last summer, I got a bill through the Congress which not only stopped the proposed bridge, but gave Connecticut a voice in any possible future plans to span the Sound.

We discovered a study sponsored by the Federal Aviation Administration to build a jetport—or "wetport" as some described it—in the middle of the Sound. Fortunately, after some discussion with the FAA, it agreed with me that the Sound could not be considered as a possible location.

Together we have investigated and thwarted efforts to drill for natural gas off Guilford, dump submarine waste into the Thames River and send fermentation residues into Groton's waters.

But these are stop-gap measures—merely holding actions—skirmishes. Today, for the first time, we have the makings of a broad action plan that offers not fixed strategies, but options that we can choose to shape ultimately into law.

In a sense, we are sitting on the edge of a living laboratory in which all the errors of our haste and oversight are visible. We see the full spectrum of man's impact on a marine environment.

Four years ago I opened a similar hearing on Connecticut's shoreline to find out what you thought could be done to diagnose and correct the ills of Long Island Sound. And three years ago I won federal financing for a massive study by the New England River Basins Commission to do just that. It cost $3.5 million.

The study—the most comprehensive ever made—gives overwhelming testmony to the delicate balance of factors which affect the Sound. It reveals what many of us already knew that an action in one spot can unsettle the balance many miles away or in a completely different environmental category.

An oil spill in Northport, Long Island could soon wash up on Fairfield County shores.

Sewage from the East River could affect fishing off Stonington.

The study offers us a great range of positive options to make the Sound a better place to live and enjoy. Among their recommendations I heartily support are:

Improving the beaches by nourishing them with sand that has been washed away.

Encourage private development of "dry slips" for landbased storage of smaller boats, opening up additional in-water storage for larger boats that can't be "racked."

Prohibit development in critical natural resource areas to protect wetlands, floodplains and other ecologically fragile environments.

Pass legislation to protect rare and endangered species of Long Island Sound—like the osprey and the peregrine falcon.

Establish a fisheries management research program with state and federal cooperation in all U.S. waters which share migratory fish with the Sound.

Today this study merely lays out the problems as defined by experts—along with their broad recommendations. It is up to the people of Connecticut and New York and Rhode Island to turn the pages of the study into solid resolutions.

It is the public that must make the toughest decisions. It is the place we swim in, our fishing ground, our boating waters, our neighborhoods and jobs and businesses that hang in the balance. Simply put, it is our future.

Too often the public is not informed about the critical decisions that stand to change their lives. And, tragically, too often they "let someone else do it," only to regret their error.

Over the next two months the public will have the opportunity to express their opinions at 10 public hearings the New England River Basins Commission has already scheduled around the Sound. I urge all of Connecticut to join this campaign to create a new Long Island Sound. Your concerns and thoughts are vitally important.

THE SCARCITY SOCIETY

Mr. DOMENICI. Mr. President, Mr. William Ophuls has written an excellent article which appears in the April 1974 edition of Harper's magazine entitled "The Scarcity Society: Farewell to the Free Lunch—And to Freedom As an Infinite Resource."

In his article, Mr. Ophuls presents his analysis of the growth of our philosophies, values, and institutions in the age of abundance from which we are now beginning to depart and the alternatives among which we must soon make hard choices. This analysis deserves the deliberate considerations of all who would preserve our freedoms in the "scarcity society" Mr. Ophuls predicts.

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

There being no objection, the article

was ordered to be printed in the RECORD, as follows:

THE SCARCITY SOCIETY: FAREWELL TO THE FREE LUNCH—AND TO FREEDOM AS AN INFINITE RESOURCE

(By William Ophuls)

Historians may see 1973 as a year dividing one age from another. The nature of the changes in store for us is symbolized by the Shah of Iran's announcement last December that the price of his country's oil would thenceforth be $11.87 per barrel, a rise of 100 percent over the previous price. Other oil-producing countries quickly followed suit. The Shah accompanied his announcement with a blunt warning to the industrialized nations that the cheap and abundant energy "party" was over. From now on, the resource on which our whole civilization depends would be scarce, and the affluent world would have to live with the fact.

Our first attempts to do so have been rather pitiful. In Europe, the effect was to reduce once-proud nation-states to behavior that managed, as one observer put it, to combine the characteristics of an ostrich and a flock of hens. In America, which now lacks almost any observable leadership, the reaction to the statement was merely a general astonishment, followed by measures even more inappropriate than those adopted by the Europeans (except for Kissinger's efforts to promote international cooperation).

In one sense, Iran's move marked a dramatic geopolitical "return of the repressed," as the long-ignored Third World for the first time acted out its demand for a fair share of the planet's wealth. And the powerful new Organization of Petroleum Exporting Countries (OPEC) is only the first such group; resource cartels in copper, tin, bauxite, and other primary products may soon follow OPEC's example. But in another, more important sense, the Shah laid down a clear challenge to the most basic assumptions and procedures that have guided the industrialized democracies for at least 250 years. That challenge is the inevitable coming of scarcity to societies predicated on abundance. Its consequences, almost equally inevitable, will be the end of political democracy and a drastic restriction of personal liberty.

For the past three centuries, we have been living in an age of abnormal abundance. The bonanza of the New World and other founts of virgin resources, the dazzling achievements of science and technology, the availability of "free" ecological resources such as air and water to absorb the waste products of industrial activities, and other lesser factors allowed our ancestors to dream of endless material growth. Infinite abundance, men reasoned, would result in the elevation of the common man to economic nobility. And with poverty abolished, inequality, injustice, and fear—all those flowers of evil alleged to have their roots in scarcity—would wither away. Apart from William Blake and a few other disgruntled romantics, or the occasional pessimist like Thomas Malthus, the Enlightenment ideology of progress was shared by all in the West.* The works of John Locke and Adam Smith, the two men who gave bourgeois political economy its fundamental direction, are shot through with the assumption that there is always going to be more—more land in the colonies, more wealth to be dug from the ground, and so on. Virtually all the philosophies, values, and institutions typical of modern capitalist society—the legitimacy of self-interest, the primacy of the individual and his inalienable rights, economic laissez-faire, and democracy as we know it—are the luxuriant fruit of an era of apparently endless abundance. They cannot continue to exist in their current form once we return to the more normal condition of scarcity.

Worse, the historic responses to scarcity have been conflict—wars fought to control resources, and oppression—great inequality of wealth and the political measures needed to maintain it. The link between scarcity and oppression is well understood by spokesmen for underprivileged groups and nations, who react violently to any suggested restraint in growth of output.

Our awakening from the pleasant dream of infinite progress and the abolition of scarcity will be extremely painful. Institutionally, scarcity demands that we sooner or later achieve a full-fledged "steady-state" or "spaceman" economy. Thereafter, we shall have to live off the annual income the earth receives from the sun, and this means a forced end to our kind of abnormal affluence and an abrupt return to frugality. This will require the strictest sort of economic and technological husbandry, as well as the strictest sort of political control.

The necessity for political control should be obvious from the use of the spaceship metaphor: political ships embarked on dangerous voyages need philosopher-king captains. However, another metaphor—the tragedy of the commons—comes even closer to depicting the essence of the ecopolitical dilemma. The tragedy of the commons has to do with the uncontrolled self-seeking in a limited environment that eventually results in competitive overexploitation of a common resource, whether it is a commonly owned field on which any villager may graze his sheep, or the earth's atmosphere into which producers dump their effluents.

Francis Carney's powerful analysis of the Los Angels smog problem indicates how deeply all our daily acts enmesh us in the tragic logic of the commons:

"Every person who lives in this basin knows that for twenty-five years he has been living through a disaster. We have all watched it happen, have participated in it with full knowledge. . . . The smog is the result of ten million individual pursuits of private gratification. But there is absolutely nothing that any individual can do to stop its spread. . . . An individual act of renunciation is now nearly impossible, and, in any case, would be meaningless unless everyone else did the same thing. But he has no way of getting everyone else to do it."

If this inexorable process is not controlled by prudent and, above all, timely political restraints on the behavior that causes it, then we must resign ourselves to ecological self-destruction. And the new political structures that seem required to cope with the tragedy of the commons (as well as the imperatives of technology) are going to violate our most cherished ideals, for they will be neither democratic nor libertarian. At worst, the new era could be an anti-Utopia in which we are conditioned to behave according to the exigencies of ecological scarcity.

Ecological scarcity is a new concept, embracing more than the shortage of any particular resource. It has to do primarily with present and future needs, and a variety of pollution limits, complex trade-offs between other physical constraints, rather than with a simple Malthusian overpopulation. The case for the coming of ecological scarcity was most forcefully argued in the Club of Rome study *The Limits to Growth*. That study says, in essence, than man lives on a finite planet containing limited resources and that we appear to be approaching some of these major limits with great speed. To use ecological jargon, we are about to overtax the "carrying capacity" of the planet.

Critical reaction to this Jeremiad was predictably reassuring. Those wise in the ways of computers were largely content to assert that the Club of Rome people had fed the machines false or slanted information. "Garbage in, garbage out," they soothed. Other critics sought solace in less empirical directions, but everyone who recoiled from the book's apocalyptic vision took his stand on grounds of social or technological optimism. Justified or not, the optimism is worth examining to see where it leads us politically.

The social optimists, to put their case briefly, believe that various "negative feedback mechanisms" allegedly built into society will (if left alone) automatically check the trends toward ever more population, consumption, and pollution, and that this feedback will function smoothly and gradually so as to bring us up against the limits to growth, if any, with scarcely a bump. The market-price system is the feedback mechanism usually relied upon. Shortages of one resource—oil, for example—simply make it economical to substitute another in more abundant supply (coal or shale oil). A few of these critics of the limits-to-growth thesis believe that this process can go on indefinitely.

Technological optimism is founded on the belief that it makes little difference whether exponential growth is pushing us up against limits, for technology is simultaneously expanding the limits. To use the metaphor popularized during the debate, ecologists see us as fish in a pond where all life is rapidly being suffocated by a water lily that doubles in size every day (covering the whole pond in thirty days). The technological optimists do not deny that the lily grows very quickly, but they believe that the pond itself can be made to grow even faster. Technology made a liar out of Malthus, say the optimists, and the same fate awaits the neo-Malthusians. In sum, the optimists assert that we can never run out of resources, for economics and technology, like modern genii, will always keep finding new ones for us to exploit or will enable us to use the present supply with ever greater efficiency.

The point most overlooked in this debate, however, is that politically it matters little who is right: the neo-Malthusians or either type of optimist. If the "doomsdayers" are right, then of course we crash into the ceiling of physical limits and relapse into a Hobbesian universe of the war of all against all, followed, as anarchy always has been, by dictatorship of one form or another. If, on the other hand, the optimists are right in supposing that we can adjust to ecological scarcity wtih economics and technology, this effort will have, as we say, "side effects." For the collision with physical limits can be forestalled only by moving toward some kind of steady-state economy—characterized by the most scrupulous husbanding of resources, by extreme vigilance against the ever-present possibility of disaster should breakdown occur, and, therefore, by tight controls on human behavior. However, we get there, "Spaceship Earth" will be an all-powerful Leviathan—perhaps benign, perhaps not.

A BIRD IN THE BUSH

The scarcity problem thus poses a classic dilemma. It may be possible to avoid crashing into the physical limits, but only by adopting radical and unpalatable measures that, paradoxically, are little different in their ultimate political and social implications from the future predicted by the doomsdayers.

Why this is so becomes clear enough when one realizes that the optimistic critics of the doomsdayers, whom I have artificially grouped into "social" and "technological" tendencies, finally have to rest their different cases on a theory of politics, that is, on assumptions about the adaptability of leaders, their constituencies, and the institutions that hold them together. Looked at closely, these assumptions also appear unrealistic.

Even on a technical level, for example, the market-price mechanism does not coexist easily with environmental imperatives. In a market system a bird in the hand is always

* Marxists tended to be more extreme optimists than non-Marxists, differing only on how the drive to Utopia was to be organized.

worth two in the bush.[1] This means that resources critically needed in the future will be discounted—that is, assessed at a fraction of their future value—by today's economic decision-makers. Thus decisions that are economically "rational," like mine-the-soil farming and forestry, may be ecologically catastrophic. Moreover, charging industries—and, therefore, consumers—for pollution and other environmental harms that are caused by mining and manufacturing (the technical solution favored by most economists to bring market prices into line with ecological realities) is not politically palatable. It clearly requires political decisions that do not accord with current values or the present distribution of political power; and the same goes for other obvious and necessary measures, like energy conservation. No consumer wants to pay more for the same product simply because it is produced in a cleaner way; no developer wants to be confronted with an environmental impact statement that lets the world know his gain is the community's loss; no trucker is likely to agree with any energy-conservation program that cuts his income

We all have a vested interest in continuing to abuse the environment as we have in the past. And even if we should find the political will to take these kinds of steps before we collide with the physical limits, then we will have adopted the essential features of a spaceman economy on a piecemeal basis—and will have simply exchanged one horn of the dilemma for the other.

Technological solutions are more roundabout, but the outcome—greater social control in a planned society—is equally certain. Even assuming that necessity always proves to be the mother of invention, the management burden thrown on our leaders and institutions by continued technological expansion of the famous fist-pond will be enormous. Prevailing rates of growth require us to double our capital stock, our capacity to control pollution, our agricultural productivity, and so forth every fifteen to thirty years. Since we already start from a very high absolute level, the increment of required new construction and new invention will be staggering. For example, to accommodate world population growth, we must, in roughly the next thirty years, build houses, hospitals, ports, factories, bridges, and every other kind of facility in numbers that almost equal all the construction work done by the human race up to now.

The task in every area of our lives is essentially similar, so that the management problem extends across the board, item by item. Moreover, the complexity of the overall problem grows faster than any of the sectors that comprise it, requiring the work of innovation, construction, and environmental management to be orchestrated into a reasonably integrated, harmonious whole. Since delays, planning failures, and general incapacity to deal effectively with even our current level of problems are all too obvious today, the technological response further assumes that our ability to cope with large-scale complexity will improve substantially in the next few decades. Technology, in short, cannot be implemented in a political and social vacuum. The factor in least supply governs, and technological solutions cannot run ahead of our ability to plan, construct, fund, and man them.

Planning will be especially difficult. For one thing, time may be our scarcest resource. Problems now develop so rapidly that they must be foreseen well in advance. Otherwise, our "solutions" will be too little and too late. The automobile is a critical example. By the time we recognized the dangers, it was too late for anything but a mishmash of stopgap measures that may have provoked worse symptoms than they alleviated and that will not even enable us to meet health standards without painful additional measures like rationing. But at this point we are almost helpless to do better, for we have ignored the problem until it is too big to handle by any means that are politically, economically, and technically feasible. The energy crisis offers another example of the time factor. Even with an immediate laboratory demonstration of feasibility, nuclear fusion cannot possibly provide any substantial amount of power until well into the next century.

Another planning difficulty: the growing vulnerability of a highly technological society to accident and error. The main cause of concern is, of course, some of the especially dangerous technologies we have begun to employ. One accident involving a breeder reactor would be one too many: the most minuscule dose of plutonium is deadly, and any we release now will be around to poison us for a quarter of a million years. Thus, while we know that counting on perfection in any human enterprise is folly, we seem headed for a society in which nothing less than perfect planning and control will do.

At the very least, it should be clear that ecological scarcity makes "muddling through" in a basically laissez-faire socio-economic system no longer tolerable or even possible. In a crowded world where only the most exquisite care will prevent the collapse of the technological society on which we all depend, the grip of planning and social control will of necessity become more and more complete. Accidents, much less the random behavior of individuals, cannot be permitted; the expert pilots will run the ship in accordance with technological imperatives. Industrial man's Faustian bargain with technology therefore appears to lead inexorably to total domination by technique in a setting of clockwork institutions. C. S. Lewis once said that "what we call Man's power over Nature turns out to be a power exercised by some men over other men with Nature as its instrument," and it appears that the greater our technological power over nature, the more absolute the political power that must be yielded up to some men by others.

These developments will be especially painful for Americans because, from the beginning, we adopted the doctrines of Locke and Smith in their most libertarian form. Given the cornucopia of the frontier, an unpolluted environment, and a rapidly developing technology. American politics could afford to be a more or less amicable squabble over the division of the spoils, with the government stepping in only when the free-for-all pursuit of wealth got out of hand. In the new era of scarcity, laissez-faire and the inalienable right of the individual to get as much as he can are prescriptions for disaster. It follows that the political system inherited from our forefathers is moribund. We have come to the final act of the tragedy of the commons.

The answer to the tragedy is political. Historically, the use of the commons was closely regulated to prevent overgrazing, and we need similar controls—"mutual coercion, mutually agreed upon by the majority of the people affected," in the words of the biologist Garrett Hardin—to prevent the individual acts that are destroying the commons today. Ecological scarcity imposes certain political measures on us if we wish to survive. Whatever these measures may turn out to be—if we act soon, we may have a significant range of responses—it is evident that our political future will inevitably be much less libertarian and much more authoritarian, much less individualistic and much more communalistic than our present. The likely result of the reemergence of scarcity appears to be the resurrection in modern form of the preindustrial polity, in which the few govern the many and in which government is no longer of or by the people. Such forms of government may or may not be benevolent. At worst, they will be totalitarian, in every evil sense of that word we know now, and some ways undreamed of. At best, government seems likely to rest on engineered consent, as we are manipulated by Platonic guardians in one or another version of Brave New World. The alternative will be the destruction, perhaps consciously, of "Spaceship Earth."

A DEMOCRACY OF RESTRAINT

There is, however, a way out of this depressing scenario. To use the language of ancient philosophers, it is the restoration of the civic virtue of a corrupt people. By their standards, by the standards of many of the men who founded our nation (and whose moral capital we have just about squandered), we are indeed a corrupt people. We understand liberty as a license for self-indulgence, so that we exploit our rights to the full while scanting our duties. We understand democracy as a political means of gratifying our desires rather than as a system of government that gives us the precious freedom to impose laws on ourselves—instead of having some remote sovereign impose them on us without our participation or consent. Moreover, the desires we express through our political system are primarily for material gain; the pursuit of happiness has been degraded into a mass quest for what wise men have always said would injure our souls. We have yet to learn the truth of Burke's political syllogism, which expresses the essential wisdom of political philosophy: man is a passionate being, and there must therefore be checks on will and appetite; if these checks are not self-imposed, they must be applied externally as fetters by a sovereign power. The way out of our difficulties, then, is through the abandonment of our political corruption.

The crisis of ecological scarcity poses basic value questions about man's place in nature and the meaning of human life. It is possible that we may learn from this challenge what Lao-tzu taught two-and-a-half millennia ago:

"Nature sustains itself through three precious principles, which one does well to embrace and follow.

"These are gentleness, frugality, and humility."

A very good life—in fact, an affluent life by historic standards—can be lived without the profligate use of resources that characterizes our civilization. A sophisticated and ecologically sound technology, using solar power and other renewable resources, could bring us a life of simple sufficiency that would yet allow the full expression of the human potential. Having chosen such a life, rather than having had it forced on us, we might find it had its own richness.

Such a choice may be impossible, however. The root of our problem lies deep. The real shortage with which we are afflicted is that of moral resources. Assuming that we wish to survive in dignity and not as ciphers in some antheap society, we are obliged to reassume our full moral responsibility. The earth is not just a banquet at which we are free to gorge. The ideal in Buddhism of compassion for all sentient beings, the concern for the harmony of man and nature so evident among American Indians, and the almost forgotten ideal of stewardship in Christianity point us in the direction of a true ethics of human survival—and it is toward such an ideal that the best among the young are groping. We must realize that there is no real scarcity in nature. It is our numbers and, above all, our wants that have

[1] Of course, noneconomic factors may temporarily override market forces, as the current Arab oil boycott illustrates.

outrun nature's bounty. We become rich precisely in proportion to the degree in which we eliminate violence, greed, and pride from our lives. As several thousands of years of history show, this is not something easily learned by humanity, and we seem no readier to choose the simple, virtuous life now than we have been in the past. Nevertheless, if we wish to avoid either a crash into the ecological ceiling or a tyrannical Leviathan, we must choose it. There is no other way to defeat the gathering forces of scarcity.

INFLATION

Mr. ALLEN. Mr. President, I am indebted to Mr. John L. Ebaugh, Jr., of Birmingham, Ala., for a letter in which he provides a clear and concise presentation of the consequences reasonably to be expected if inflation in the United States is not brought under control.

Mr. Ebaugh draws from the experiences of the Government of Chile, while under control of the Communist Salvador Allende, for lesson materials. Of course, Lenin, Keynes, and other Communists and Socialists recognized the revolutionary potential in the use of inflation to debauch the currencies of nations which adhere to concepts of private ownership of property and a competitive free enterprise economic system. We have proof enough of the devastating effects of inflation. It is high time that Congress quit passing the buck and face up to the consequences of our failure to cut out waste extravagance, proliferation of Federal agencies, and our failure to balance the Federal budget.

Mr. President, I commend to the thoughtful consideration of all Senators Mr. Ebaugh's thought-provoking exposition and I ask unanimous consent that his letter to me be printed in the RECORD.

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

INDEPENDENT INSURANCE AGENTS, INC.,
Birmingham, Ala., March 13, 1974.

Hon. JAMES ALLEN,
Washington, D.C.

DEAR SIR: You are very right about keeping our defenses up to at least par with Communist Russia. We have moved into a dangerous military position that should not be. However, there is another facet of our national life that is even more dangerous because we are destroying ourselves.

Before the Communist Allende government took over Chile, their democratic government had debased their currency by deficit spending paid with printing press money. The first thing that the Allende government did was to crank the money printing press into high gear with "benefits" for the workers. Minimum wages rose by law from 200 escudos per month in 1968 to 16,000 escudos per month in 1973. Price controls, rent controls, and all of the other palliatives were imposed. As money became less available, prices rose and everybody tried to buy ahead, pushing prices still higher.

Savings banks, savings and loan associations and life insurance companies went out of business. People withdrew their money. Every Chilean city has the shells of partially completed buildings, their construction halted because committed mortgage financing disappeared.

Rent controls were imposed at $8.00 per month for an apartment that cost $12,000.00 to build. There is not a privately owned house or apartment for rent in the entire country. Many were "nationalized" for the benefit of "the workers," meaning that they were seized without compensation to their owners, even some private homes.

Food supply shrank below requirements. Sugar production, formerly 65% of national demand, shrank to 25%. Other foodstuffs decreased proportionately. Located on the shore of one of the greatest fishing areas of the world, the supply of fish shrank until national rationing was imposed to divide starvation equally.

The value of their money dropped from five escudos to $1.00 U.S. in 1968 to 800 per $1.00 in 1973. The purchasing power of the minimum wage dropped from $40.00 U.S. to $20.00 in five years. Black markets sprang up. The official exchange rate in 1973 was 80 escudos to $1.00 U.S.; the black market rate was 780. Business could not be conducted legally. No supplies were available at legal prices; only on the black market. Businesses were "nationalized" when they shut down or tried to sell at black market prices. Bribery and official corruption became rampant as people sought to survive.

Unemployment benefits rose faster than the minimum wage until a man could draw a minimum wage from unemployment relief. (New York has done this many years.) People lost incentive to work. Productivity almost disappeared. Meanwhile the money press ground out paper with which to pay for all of this.

The final result last summer was total chaos. Transportation workers struck. The movement of essential food and other supplies stopped. Factory workers took to the streets; so did "students" planted in their universities to aid the chaos. Cuban and Russian troops moved in with the imported sugar; grenades, ammunition, and automatic weapons came in sugar sacks.

That's when the Chilean army took over. The Russians left peacefully but refused to send a team to play tennis with Chileans, forfeiting their position in international competition. Do you think that their departure would have been peaceful had not the United States been watching carefully? I don't! When we destroy ourselves economically, bring about such chaos in our own country, who is there to save us?

In my lifetime, I have seen Germany, Italy, France (for the second or third time) and Brazil, Peru and Argentina go down to uncontrollable inflation. Need we go through the same stupid process?

Yours very truly,

JOHN L. EBAUGH, Jr.

INTERSTATE COMMERCE COMMISSION RESPONDS TO SENATE RESOLUTION 289 ON FERTILIZER

Mr. McGOVERN. Mr. President, I would like to take this occasion to commend the Interstate Commerce Commission for its action yesterday in ordering over 1,000 hopper rail cars to help speed up the shipment of fertilizer supplies to American farmers.

This action is in accordance with the passage of Senate Resolution 289 on February 27, 1974, which called upon all Federal Government agencies having any responsibility for establishing priorities for the allocation of materials and facilities—including railcars—utilized in the production or distribution of fertilizer to give the highest priority to such requirements. On February 28, 1974, I sent a copy of this Senate-passed resolution to all appropriate Federal agencies and to the 50 State Governors asking for their cooperation in implementing both the letter and spirit of it.

I would like to request unanimous consent that a copy of ICC Chairman George M. Stafford's response and a copy of the Commission's Car Service Order No. 1178 making these railcars available be printed in the RECORD.

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

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., March 5, 1974.

Hon. GEORGE S. MCGOVERN,
Chairman, Subcommittee on Agricultural Credit and Rural Electrification, U.S. Senate, Washington, D.C.

DEAR CHAIRMAN MCGOVERN: This is in reply to your letter of February 28, 1974, enclosing a copy of Senate Resolution 289, which relates to the serious nature of the current supply, demand, and price situation of fertilizer.

We in the Commission have been quite concerned for some time regarding the adequacy of transportation for the distribution of fertilizer, fully realizing the importance of this commodity to our nation's economy. Last year the fertilizer industry was experiencing considerable difficulty in moving the commodity from Florida to Midwestern points of consumption. At that time, I called into Washington top operating officials of the carriers participating in such rail haul. At that conference I polled each carrier's representative individually, asking him to explain in what manner he expected to contribute to the orderly transportation of fertilizer from point of origin to areas where it was desperately needed at that time. Each one advised me of his contribution, some including additional car supply and others assurances that movement on their lines would be expedited. This action proved quite successful in having the fertilizer moved without much delay.

I am aware of the increased importance this year of this commodity and the current capacity of the nation's fertilizer industry to meet existing demands. On Thursday, February 28, 1974, Mr. Ed Wheeler, representing the Fertilizer Institute, along with representatives of the fertilizer industry, met in my office for the purpose of reviewing the car supply and recommending to the Commission suggestions for coping with the problem.

With our nation being plagued with the worst car shortage in history and particularly of the types needed for transporting fertilizer, the problem of meeting the demands of these shippers is indeed a very difficult one. However, we do intend to take whatever action is deemed necessary to insure an adequate car supply for the orderly transportation of fertilizer, as we realize that this is a movement which must be consummated within a specific period. We are now working on a plan whereby we will endeavor to appropriate cars made empty at New Orleans and have them returned under load with fertilizer to the owning carriers. This is a program which has not been tried before, but one which we feel is workable.

While the Commission is without authority to give preferential treatment to any shipper, we certainly will do our utmost in making these essential fertilizer supplies available to farmers in a timely and equitable manner.

Sincerely yours,

GEORGE M. STAFFORD,
Chairman.

SERVICE ORDER NO. 1178—DISTRIBUTION OF COVERED HOPPER CARS

At a session of the Interstate Commerce Commission, Railroad Service Board, held in Washington, D.C., on the 15th day of March, 1974

It appearing, That an acute shortage of covered hopper cars for transporting ship-

ments of fertilizer exists in the state of Florida; that the railroads serving the fertilizer producing areas of that state are unable to furnish additional system cars for the movement of this traffic; that entire areas of the country are unable to receive adequate supplies of this fertilizer because of these shortages of freight cars; that the United States Department of Agriculture has certified that there is an immediate need for increased shipments of fertilizer into these areas in order to maximize the production of feed grains and other agricultural crops; that a substantial portion of this fertilizer will be routed via, or terminate on the lines named herein; that existing regulations and practices with respect to the use, supply, control and distribution of freight cars are insufficient to secure an adequate supply of covered hopper cars for shipments of fertilizer from Florida origins; that it is the opinion of the Commission that an emergency exists requiring immediate action to promote car service in the interest of the public and the commerce of the people. Accordingly, the Commission finds that notice and public procedure are impracticable and contrary to the public interest, and that good cause exists for making this order effective upon less than thirty days' notice.

It is ordered, That:

§1033.1178 DISTRIBUTION OF COVERED HOPPER CARS

(a) Each common carrier by railroad subject to the Interstate Commerce Act shall observe, enforce, and obey the following rules, regulations, and practices with respect to its car service:

(b) *Assignment of cars to fertilizer traffic.* The carriers named herein shall each withdraw from grain service and forward to the Seaboard Coast Line Railroad Company (SCL) prior to April 1, 1974, one hundred (100) covered hopper cars listed in the Official Railway Equipment Register RER No. 390, issued by W. J. Trezise, as bearing reporting marks assigned to it, having mechanical designation "LO", and having cubic capacity not greater than 4,000 cubic feet and weight carrying capacity not less than 140,000 pounds.

Burlington Northern System, comprising cars of:

Burlington Northern Inc.

The Colorado and Southern Railway Company.

Fort Worth and Denver Railway Company.

Chessie System, comprising cars of:

The Baltimore and Ohio Railroad Company.

The Chesapeake and Ohio Railroad Company.

Chicago, Milwaukee, St. Paul and Pacific Railroad Company.

Chicago and North Western Transportation Company.

Chicago, Rock Island and Pacific Railroad Company.

Illinois Central Gulf Railroad Company.

Louisville and Nashville Railroad Company.

Missouri Pacific System, comprising cars of:

Chicago & Eastern Illinois Railroad Company.

Missouri-Illinois Railroad Company.

Missouri Pacific Railroad Company.

The Texas and Pacific Railway Company.

Norfolk and Western Railway Company.

Penn Central Transportation Company, George P. Baker, Richard C. Bond, and Jervis Langdon, Jr., Trustees.

St. Louis-San Francisco Railway Company.

Such cars may be used by the SCL only for transporting shipments of fertilizer originating in Florida and routed via the lines of the car owner.

(c) *Delivery of empty cars.* Empty covered hoppers described in paragraph (a) herein maybe sent by the car owner to the SCL at any junction. Cars owned by railroads which do not have a direct connection with the SCL shall be sent to the SCL via the Louisville and Nashville Railroad Company without charge to either the car owner or the SCL. Cars owned by the Penn Central Transportation Company (PC) which are located east of Pittsburgh, Pennsylvania, may be forwarded to the SCL via the Richmond, Fredericksburg and Potomac Railroad Company without charge to either the PC or the SCL or may be delivered to the SCL direct at Norfolk, Virginia.

(d) *Reports required.* Each car owner named in paragraph (a) herein, shall report to R. D. Pfahler, Director, Bureau of Operations, Interstate Commerce Commission, Washington, D.C., 20423 the initial and number of each covered hopper furnished to the SCL for fertilizer service, and the date forwarded to the SCL. The SCL shall report to Director Pfahler the initial, number and date received of each covered hopper received by it under the requirements of this order. No additional reports are required for cars previously reported and returned to the SCL for additional empty movements.

(e) *Retention of cars in service.* Empty covered hoppers sent by the owner to the SCL as required herein shall be returned empty to the SCL via reverse of loaded route for subsequent shipments of fertilizer originating at origins in Florida, until their removal is authorized by this Commission or until this order expires or is vacated. Cars which must be removed from active service because of mechanical defects must be replaced by the car owner in the manner provided in paragraph (c) for delivery of cars to the SCL. The car owner must notify both this Commission and the transportation officer of the SCL the initial and number of the car removed because of mechanical defects and the initial and number of the replacement car, together with the dates of removal and replacement.

(f) *Rules and regulations suspended.* The operation of all tariff provisions and of all other rules and regulations, insofar as they conflict with the provisions of this order, is hereby suspended.

(g) *Application.* The provisions of this order shall apply to intrastate, interstate, and foreign commerce.

(h) *Effective date.* This order shall become effective at 11:59 p.m., March 18, 1974.

(i) *Expiration date.* The provisions of this order shall expire at 11:59 p.m., May 31, 1974, unless otherwise modified, changed, or suspended by order of this Commission.

(Secs. 1, 12, 15, and 17(2), 24 Stat. 379, 383, 384, as amended; 49 U.S.C. 1, 12, 15 and 17(2). Interprets or applies Secs. 1(10–17), 15(4), and 17(2), 40 Stat. 101, as amended, 54 Stat. 911; 49 U.S.C. 1(10–17), 15(4), and 17(2).)

It is further ordered, That a copy of this order and direction shall be served upon the Association of American Railroads, Car Service Division, as agent of all railroads subscribing to the car service and car hire agreement under the terms of that agreement, and upon the American Short Line Railroad Association; and that notice of this order be given to the general public by depositing a copy in the Office of the Secretary of the Commission at Washington, D.C., and by filing it with the Director, Office of the Federal Register.

By the Commission, Railroad Service Board.

ROBERT L. OSWALD,
Secretary.

NO-FAULT INSURANCE

Mr. CURTIS. Mr. President, S. 354, a bill aimed at requiring all 50 States to adopt no-fault auto insurance or else have a Federal no-fault law imposed upon them, is on the calendar of this body.

This legislation is directly opposed to the interest of small business, as was brought out by a group of witnesses before the Senate Committee on the Judiciary January 31. The leadoff witness that day was from the great State of Nebraska, Dwight Perkins of Lincoln, president of Farmers Mutual Insurance Co. of Nebraska.

I ask unanimous consent that the testimony of Mr. Perkins on the anti-small business implications be printed in the RECORD.

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

TESTIMONY OF DWIGHT PERKINS, PRESIDENT, FARMERS MUTUAL INSURANCE CO. OF NEBRASKA

Mr. Chairman and members of the Committee.

My name is Dwight Perkins. I am President of Farmers Mutual Insurance Company of Nebraska located in Lincoln, Nebraska.

I am here this morning as a representative of my own company, and as one of the representatives of the National Association of Independent Insurers, which I currently have the honor of serving as Chairman. A number of other NAII companies have also sent their Chief Executives here today to present their views.

We welcome this opportunity to testify on S. 354.

On behalf of my company and the NAII, and personally as one of your constituents, Senator Hruska, I would like to express our appreciation for the kindness and consideration which has been extended to the industry witnesses. We have every confidence that the thoroughness of your hearings will be enlightening to the Committee and to the rest of the Congress.

The men you will hear shortly will be raising a variety of questions about S. 354, among them:

The wisdom of further federal intrusion into the regulation of insurance.

The detrimental effects of the unlimited medical benefits mandated by the bill.

And the unnecessarily abrupt change to new and rigidly prescribed standards of law and rating equities.

Our company subscribes to these judgments.

But there are other things about the bill which concern us as a small Nebraska company, to which I would like to invite your attention.

By way of background, Farmers Mutual of Nebraska was organized in 1891 and presently serves approximately 140,000 policyholders. It confines its operations to Nebraska.

I hope you will forgive my reference here to my own company. I mention it only because it seems to me that it is typical of hundreds of other small and medium-sized independent companies which form the backbone of the NAII and, I believe, the industry generally.

As a matter of fact, of the 403 member companies of the NAII, more than one-fourth write in only one state—and half of our members do business in five states or less.

These companies have deliberately restricted their operations to their own territories. By doing so, they have remained close to their markets and have been able to respond quickly to the changing needs of their members. For many years, they have provided reliable insurance protection, and

efficient claims service in their own areas—often at substantially lower costs than was generally available from the eastern giants.

As a result, such companies collectively insure millions of policyholders, and represent a substantial—and I believe—healthy competitive force in the industry.

But S. 354 would confront such companies with special dangers.

For example, small companies would face a serious—perhaps insoluble—problem because of S. 354's requirement of unlimited medical and rehabilitation expense coverage.

For the large national writer, the costs and hazards of providing such catastrophic coverage are perhaps manageable.

But they would ultimately prove unmanageable and insupportable for the small company.

Suppose, for example, chance should deal a single company a half-dozen of these catastrophic unlimited medical cases in a single year—involving, for these six claims alone, liabilities totaling several million dollars.

Of course, no company—large or small—would bear such a risk alone. Prudent management would have arranged for reinsurance to cover the risk in excess of the amount the company could afford to carry for its own account.

But negotiating and paying for an adequate reinsurance treaty in unlimited amounts poses quite a different problem for the small company than for the giant.

The large company, because of its country-wide spread, and the greater risk it could afford to retain for its own account, could probably present to the reinsurer an acceptable—perhaps even a desirable risk.

But a small company with a limited spread and limited resources would of necessity have to ask the reinsurer to assume a much greater proportion of each risk. For this reason, and because of its restricted premium base, the small company presents to the reinsurer a far less attractive picture—and its cost for such reinsurance would be proportionately much higher—if, indeed, it could get such reinsurance at all.

The increased reinsurance costs made necessary by S. 354, piled on top of other inflationary pressures, will predictably mean eventual rate increases for *all* companies—large and small.

But for the small one-state or five-state company, it will mean disproportionately higher rates, and the ultimate crippling of its competitive position. Thus, such a small company would face a loss of premium volume at the very time its business expenses are rising.

It is not hard to read the fate of the small company in this. But the real loser would be the insuring public.

Some say we exaggerate the danger. They point to the statistical rarity of catastrophic accidents, and question how great the financial strain could be. Unfortunately, statistics are often rewritten by reality.

Statistically, six catastrophic accidents covered by a single small company are probably not supposed to occur in Nebraska next year. But who can say it will not happen? The reinsurer will properly consider that it could happen, and will understandably take the possibility into account.

As to costs, I would respectfully note for the Committee that A. M. Best and Co. estimates the 1973 underwriting profit for auto insurers at four-tenths of one per cent.

To the small company, faced with the reinsurance problem created by this bill, fractions will spell the difference. A fractional increase in reinsurance costs, a fractional increase in inflationary pressures, a fractional loss in premium volume—and hundreds of small companies will ultimately have no recourse but to leave the auto insurance field to the giants, or be absorbed by them.

This would eventually create a concentration of the business into a few mammoth companies, and would deprive the consumer of a vigorously competitive market in the auto insurance field.

We believe this result is one of the many adverse effects of S. 354.

INTERNATIONAL NARCOTICS DIPLOMACY

Mr. HARTKE. Mr. President, it has recently come to my attention that the Government of Turkey is contemplating further developments to the agreement between the United States and Turkey which provided for the timely transfer of the production of poppies to the agricultural production of commodities furthering the nutritional needs of mankind.

Under the agreement of the two countries, the United States was to provide $35 million to the Turkish Government. Fifteen million dollars was compensation to the Turkish Government for losses in foreign earnings from the export of poppy derivatives. The additional $20 million was to be used to finance an agricultural development program for the farmers in the affected region by transferring their production capabilities from poppies to foodstuffs which have a nutritional value for man. That agreement has been met by mixed emotions on the part of Turkish farmers.

Mr. President, I ask unanimous consent to have an article by Juan de Onis in the August 9, 1973, New York Times published in the RECORD following my remarks.

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

(See exhibit 1.)

Mr. HARTKE. We have begun to turn the corner in American usage of heroin since the ban on poppy production in Turkey. The facts indicate there are fewer deaths from heroin usage on the east coast of the United States, and the quantity and quality of heroin have deteriorated substantially as the supply has lessened. If the Government of Turkey should decide to renew the production of poppies, our country would be faced with a serious substantial influx of poppy derivatives—mainly heroin. We must be ever mindful of the grave consequences to which our people would be subjected. The long lean stem of the poppy is but a needle in an American's arm. When the poppy is cut off, the needle is removed.

Mr. President, if conditions have arisen since the agreement which were unforeseen by the parties to the negotiations, the United States should take necessary measures to assure its continued good faith to all parties concerned.

I have written a letter to His Excellency, the Ambassador from Turkey, Melih Esembel, expressing my concern for the future of the agreement. Mr. President, I ask unanimous consent to have the letter to Ambassador Esembel printed in the RECORD at this point.

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

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C., March 15, 1974.

His Excellency MELIH ESEMBEL,
Ambassador of Turkey, The Embassy of Turkey, Washington, D.C.

DEAR AMBASSADOR ESEMBEL: I have noted with interest several recent media statements that the Government of Turkey is considering new proposals regarding the production of poppies and their derivatives. As you may be aware, I have been interested in legislation regarding the illicit international trafficking of opium and its derivatives which may pursue a course leading to the veins of Americans. My interest here necessarily does not apply just to Americans, but to the welfare of mankind throughout the world.

I would only suggest my sentiments are with the agreement negotiated between our Governments providing for monies to your Government for the timely transfer of agricultural production from poppies to other commodities furthering the nutritional needs of man. I believe that agreement was sound and reasoned. Though your Government may now consider the interests of Turkey slighted by that agreement, the pursuit of a course of action licensing the production of poppies throughout Turkey would be most damaging to the welfare of the peoples of the world. We have seen, for example, a shortage of heroin on the East coast of the United States since the agreement became effective.

The medicinal derivatives from the poppy have direct benefit to many suffering people, however, the strict adherence to agreements negotiated by governments and the international opium production agreements allow for adequate production for medicinal needs.

I would appreciate receiving from you the intentions of your Government in this regard. I hope we may have the opportunity to further discuss this matter at your convenience.

With my best wishes, I am

Sincerely,

VANCE HARTKE,
U.S. Senator.

EXHIBIT 1

[From the New York Times, Aug. 9, 1973]

POPPIES GONE, TURKISH FARMERS ASK: "WHY HAVE AMERICANS DONE THIS?"

(By Juan de Onis)

AFYONKARAHISAR, TURKEY.—A stubborn sentiment among small farmers against the American-sponsored program to eradicate opium poppy planting in Turkey is being encouraged by the promises of local politicians that the ban will be repealed.

The plan to halt poppy production—an attempt to dry up this important source of the base drug for heroin—went into full effect this summer. The plots of red poppy flowers, from which opium gum is extracted, have been virtually eliminated, according to United States narcotics officials here.

But the 70,000 Turkish farmers affected by the ban do not like the prohibition and are hoping that it will be repealed after a new Parliament is elected in October.

The ban is not a national campaign issue as yet, but local politicians representing the major parties in the seven-province area where the program is in force have been promising farmers that they will be planting poppies again next summer if their candidates are elected.

PROSPECT IS PLEASING

"They say they are going to change the law," said Hidayet Arslan, a farmer with a flashing mouthful of gold-capped teeth and a big cloth cap pushed back on his sunburned forehead. He stood beside his new Turkish Fiat tractor that was driving a wheat thresher in a field outside the village of Akoren.

The prospect of repeal obviously pleased

Mr. Arslan and a group of other farmers who paused in their work. They leaned on wooden rakes and pitchforks among stacks of tawny wheat as they discussed what they called the "American ban" on one of their traditional crops and a source of food and cash.

There is no record of opium addiction among the sturdy, healthy-looking Turkish farmers who were working in the field with their children and their wives, who wear flowered dresses over baggy leggings and bandanas on their hair.

For the Turkish farmers of this region their poppy plantings, usually less than half an acre in holdings that average 15 acres, are regarded as a legitimate source of cooking oil and tasty seeds for their bread, as well as the opium gum that is the cause of the ban.

At Akoren and other villages the farmers showed almost no knowledge of the connection between their poppies and the heroin-addiction problem in the United States.

"Why have the Americans done this to us?" asked one farmer, who then listened with puzzlement on his face to a visitor's account of the drug-addiction problem in American cities, such as New York.

HEAVY PRESSURE FOR BAN

The legal outlet for the opium gum, extracted by the farmers from poppy pods, was the Turkish state agricultural marketing organization, which in turn sold the gum to pharmaceutical companies for conversion into medicinal morphine.

But while the state agency paid about $13 a kilo, a little over two pounds, for the gum, illegal buyers of the morphine smuggled out of Turkey to heroin laboratories abroad paid the farmer $35 a kilo.

In this chain of illegal traffic, which often passed through Marseille to the United States, the real profit was for the black marketeers in the morphine base. The price of a kilo of the base in Turkey was $600 after an inexpensive conversion of the gum to morphine in crude clandestine laboratories.

With perhaps half of Turkey's annual opium gum production of 120,000 kilos going into illegal channels in 1970, Turkey was identified as a major source of morphine supply for the heroin traffic to the United States, and heavy pressure was brought by the Nixon Administration for a ban on poppy growing.

In July, 1971, Nihat Erim, then Premier, announced that the ban on poppy planting would go into effect after the harvesting of the crop last summer. The Government offered to pay farmers an annual compensation equivalent to $40 per kilo, based on sales to the marketing organization during the cutoff year of 1972.

Talks with farmers in this beautiful area of southwestern Anatolia, where valley lands rise through foothills to high blue mountains, showed that they were satisfied with the compensation, which is paid to them through the same marketing organization to which they sell their wheat.

THE PENALTIES ARE STIFF

The farmers indicated that the stiff penalties for poppy production, which can lead to 10 years in jail, were a strong deterrent to illegal plantings.

At Akoren, the farmers shook their heads vigorously when asked if anyone was still planting poppies. One farmer clutched his throat in his strong, brown fingers in a gesture of strangulation. "They hang you," he said.

But American and Turkish narcotics agents in Ankara, Turkey's capital, and in Istanbul, the main smuggling center, said that traffic in the morphine base was still a problem because stocks of the drug are on hand from poppy production in past years.

The price of the morphine base has risen to $750 a kilo in Turkey, or 30 per cent more than before the poppy ban. Several large shipments have been seized recently, including 50 kilos at a clandestine laboratory in Corum Province on the Black Sea.

On the outskirts of this city of 50,000 people, a railroad and trucking center, the owner of a gasoline station, Ismael Acar, was arrested earlier this year and charged with smuggling large amounts of opium gum. He is in jail.

The villagers say, however, that they are not concerned about poppies as a source of income. They depend basically on wheat and on livestock, and what they talked about was the high cost of feed, the rising cost of living, which has offset recent increases in wheat-support prices, and on the need for industries in the area to give their children jobs.

"We nearly all own our land and there are no big estates to be divided up here, but our holdings are not big enough for each of our children to be farmers," said one farmer.

To compensate the Turkish Government for losses in foreign earnings from export of morphine, amounting to $3-million to $5-million a year, the United States put up $15-million as part of the ban agreement. Of this fund, $10 million has been distributed so far. The money directly finances the compensation to farmers.

In addition, the United States pledged $20-million to be used to finance an agricultural development program for the benefit of the farmers in the poppy ban region. Of this amount, only $3.8-million had been invested by last month.

IN 17 MONTHS 850 "ABNORMAL" NUCLEAR EVENTS REPORTED

Mr. GRAVEL. Mr. President, various nuclear engineers are claiming at public hearings and over television that nuclear power catastrophes cannot happen because "we have solved the accident problem." Their arrogant assertion is devastated by a recent report, written by AEC experts and released on January 29 by Ralph Nader and the Union of Concerned Scientists, P.O. Box 289, MIT Station, Cambridge, Mass. 02139.

The report reveals how many design problems "of a generic nature" and "with real safety significance" the nuclear engineering community has failed to foresee. Furthermore, the report shows again and again how safety systems which look adequate on paper are defective in reality due to human errors in manufacture, construction, operation, and maintenance. Only the wildest nuclear dreamers could expect anything else, given the fallibility of human beings.

As of January 29, 1974, the AEC had not yet released the report, which was dated October 1973. Entitled "Study of the Reactor Licensing Process," it was written by eight AEC experts including the AEC Assistant Director of Regulation, L. V. Gossick. Claiming the October version was just a "draft," the AEC released its modified version on February 4, 1974; it is available in two volumes entitled "Study of the Reactor Licensing Process," dated December 1973, and "Study of Quality Verification and Budget Impact," dated January 1974. The division makes the latter volume the one which should concern every Member of Congress.

REGULATORY REPORT CHALLENGES ONE-PER-MILLION ACCIDENT ODDS

The following statements come verbatim from the AEC report, October version, and the January version is substantially the same:

Review of the operating history associated with 30 operating nuclear reactors indicated that during the period 1/1/72 to 5/30/73, approximately 850 abnormal occurrences were reported to the AEC. Many of the occurrences were significant and of a generic nature requiring followup investigations at other plants. Forty percent of the occurrences were traceable to some extent to design and/or fabrication-related deficiencies. The remaining incidents were caused by operator error, improper maintenance, inadequate erection control, administrative deficiencies, random failure and combination thereof. (Page 16).

The large number of reactor incidents, coupled with the fact that many of them had real safety significance, were generic in nature, and were not identified during the normal design, fabrication, erection, and pre-operational testing phases, raises a serious question regarding the current review and inspection practices both on the part of the nuclear industry and the AEC. This is particularly true when the increasing number of operating reactors which will be on-line in the 1980's and the 1990's is considered. (Pages 16–17).

The Task Force [the eight AEC experts] intuitively believes that the probability of having a major accident during the operation of present-day nuclear reactors is acceptably small. However, it does not believe that the overall incident record over the past several years, combined with the common-mode failures that have been identified, give the required confidence level that the probability for such an accident is one-in-a-million or less per reactor-year. (Page 18).

If there were 1,000 reactors operating and the probability of a major accident were one-in-a-million per reactor-year, the probability would be one-time-in-33 that such an accident would occur at one or more reactors during the 30-year lifespan of the reactors. (Page 18).

Mr. President, since the AEC licenses nuclear power reactors for a 40-year lifespan, the figure above could be adjusted to 1 chance in 25.

So that my colleagues may study more of the excerpts, I ask unanimous consent that the document released January 29, 1974 by Nader and the UCS, entitled "Excerpts From AEC Task Force Report: Study of the Reactor Licensing Process, October 1973," be printed in the RECORD at the end of my remarks.

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

(See exhibit 1.)

IN AMERICA, THE POISON OF A MILLION HIROSHIMA BOMBS?

Mr. GRAVEL. Mr. President, there were only 40 operable nuclear powerplants in the United States at the beginning of 1974, so we may get away with human errors in the nuclear industry a while longer. But our country will almost certainly pay a terrible price if we permit a few extremists to commit the Nation to 1,000 nuclear powerplants in the next 25 years.

A thousand nuclear plants would produce as much radioactivity as a million Hiroshima explosions, every year, plus 600,000 pounds of plutonium.

There is no denying the necessity of containing these poisons with at least 99.99-percent success. In other words, after its infancy, the nuclear industry simply and obviously cannot tolerate normal levels of human error.

It violates both commonsense and minimum morality to let our country become dependent on such a technology. In 1973, nuclear power contributed just 1.2 percent of the country's energy. Ten years from now, however, there are supposed to be 280 operable plants rather than only 40. Instead of helping America solve its energy problem, nuclear power could make it far worse. If a severe nuclear accident, say in 1985, required the *shutdown* of all the plants, this country would suffer a truly colossal energy crisis.

IDEAL TITLE FOR A PUBLIC REAPPRAISAL

Now is the proper time to reevaluate nuclear power, while we can still get along so easily without it. In fact, this is the ideal time for a reappraisal, in view of the recent reduction in the growth rate of electrical consumption.

That is why I hope other Senators will add themselves as cosponsors to S. 1217, the Nuclear Power Moratorium Act, which I introduced in March 1973.

EXHIBIT 1

EXCERPTS FROM AEC TASK FORCE REPORT: STUDY OF THE REACTOR LICENSING PROCESS, OCTOBER 1973

COMPOSITION OF THE TASK FORCE

The Task Force was chaired by L. V. Gossick, Assistant Director of Regulation; and vice-chaired by M. L. Ernst, Program Assistant to the Deputy Director for Reactor Projects. The Task Force members assigned to perform this study were: W. E. Campbell, Jr., Regulatory Standards; A. J. DiPalo, Office of Program Analysis; T. H. Essig, Technical Review—L; R. D. Smith, Fuels and Materials—L; J. H. Sniezek, Regulatory Operations; and S. A. Varga, Reactor Projects—L. Mr. M. G. Malsch, Office of the General Counsel, was assigned as part time legal advisor. (pp. 2–3)

. . . freedom from accidents does not necessarily demonstrate a sufficiently low level of risk. This is especially true in an emerging technology where in a broad base of satisfactory operating history has not been established. (p. 10)

Regulation of nuclear power has been based *on conservative* practices and, at least on the surface, appears to have been successful. (p. 10)

Regulatory policies have continued to evolve, and have stressed the importance of assuring safe operations, but there is still an unanswered question as to the quantified degree of safety (or conversely, the level of risk) of a nuclear power plant. (pp. 10–11)

The ultimate determination of the acceptable level of public risk is actually a matter which should be debated and established in the public arena. It is a political question which cannot be solely resolved by a regulatory or technical decision. It is recognized that technical issues are difficult for the layman to understand, especially as related to the occurrence of low probability events. In the case of nuclear reactors, the level of risk is presently difficult for even the engineer to quantify, and in fact, it has not yet been firmly established. (p. 11)

The risks to the public from a reactor is truly a value judgment. For simplicity it may be expressed as the total of all risks which result in a degradation of the human environment from all conceivable accidents, weighted by the respective accident probabilities. However, quantification of these risks is complicated since identification of all possible accident combinations has not been acomplished. (p. 12)

The equation for the loss of coolant accident, for which the probability of fission products release can be estimated, may be written as:

Pa=Pp x Pe x Pc

Pa=probability of the postulated accident

Pp=primary coolant system failure rate, 10^{-3} per demand per year (assumed)

Pe—emergency core cooling system failure rate, 10^{-2} per demand per year (assumed)

Pc—containment failure rate, 10^{-3} per demand per year (assumed)

The resulting probability (Pa) for this chain is 10^{-8} per demand per year. In order to prove the above system probabilities (with 95% confidence), demonstrate that each system will perform as designed under operating conditions, and demonstrate that there are no common mode failures that would affect the random, independent nature of the events, it would be necessary to test the particular design for literally thousands of years under all the accident and operating conditions. This approach is obviously impractical. In general the level of risk must be calculated by looking at demonstrated component and subcomponent reliabilities; however, accelerated qualification testing programs may provide the key data in certain areas. (pp. 13–14)

While accident chains can be postulated and the appropriate, detailed probabilistic equations written, the availability of actual performance information (in the form of reliability data) is a matter which has not been fully addressed by the nuclear industry. (p. 14)

Review of the operating history associated with 30 operating nuclear reactors indicated that during the period 1/1/72–5/30/73 approximately 850 abnormal occurrences were reported to the AEC. Many of the occurrences were significant and of a generic nature requiring followup investigations at other plants. Forty percent of the occurrences were traceable to some extent to design and/or fabrication-related deficiencies. The remaining incidents were caused by operator error, improper maintenance, inadequate erection control, administrative deficiencies, random failure and combination thereof. (p. 16).

The large number of reactor incidents, coupled with the fact that many of them had real safety signficance, were generic in nature, and were not identified during the normal design, fabrication, erection, and preoperational testing phases, raises a serious question regarding the current review and inspection practices both on the part of the nuclear industry and the AEC. This is particularly true when the increasing number of operating reactors which will be on-line in the 1980's and 1990's is considered. (pp. 16–17)

Regarding the safety of nuclear power generation, the entire question of level of risk is subjective. The present state of the art does not permit exact quantification of the level of risk nor does it provide for the quantification of improvement in the level of risk for alternative modes of operation within Regulation. (p. 17)

It is anticipated that the Rasmussen study will provide needed insight on quantifying the loss-of-coolant accident chain probabilities required to establish the level of risk for this accident. It would be beneficial to continue to factor in operating experience to help validate the numbers, continue to analyze for accident chains that may be overlooked, and quantify risks from other potential accidents of less serious consequence. (p. 17)

The Task Force intuitively believes that the probability of having a major accident during the operation of present-day nuclear reactors is acceptably small. However, it does not believe that the overall incident record over the past several years, combined with the common mode failures that have been identified, give the required confidence level that the probability for such an accident is 10^{-6} (one in a million) or less per reactor-year. (p. 18)

The Task Force concludes that wherever reasonably possible, Regulation should strive to improve the confidence level that reactors are indeed safe and should demonstrate that the probability for a major accident is 10^{-6} (one in a million) or less per reactor-year. This is especially important as the number of operating reactors exceeds 100 and approaches 1000. As a matter of interest, if there were 1000 reactors operating and the probability for a major accident were 10^{-6} (one in a million) or less per reactor-year. ability would be less than 0.03 (one time in 33) that such an accident would occur at one or more reactors during the 30 year lifespan of the reactors. (p. 18)

It was concluded by the Task Force that it is difficult at this time to assign a high degree of confidence to quantification of the level of risk associated with nuclear reactors. (p. 20)

INSPECTION

To date the Regulatory inspection philosophy has been focused primarily on obtaining assurance that the applicant or licensee (utility) is assuring the adequacy of the construction and operation of his plant. The inspection effort by Regulation encompasses only about 1–2% of the safety related activities that take place on the construction site. The Task Force concludes that this effort should be expended significantly in the area of construction. Inspection of preoperational testing activities should also be expanded. The history of problems beseiging reactors under construction and in operation (Enclosure 5) supports this conclusion. (p. 23)

QUALITY VERIFICATION

It is recommended by the Task Force that certification not be considered by Regulation at the present time, except for the certification of standardized designs and designated sites. It is concluded that a sufficient case has not been made at present to support the concept of vendor certification. Even if vendor certification were deemed to be necessary, standards have not been developed sufficiently in the areas of concern to be able to define clearly the requirements that must be met by a certified product. (p. 31)

Regarding the inspection of vendors, it is concluded that Regulation currently does not really have a vendor inspection program. It is concluded that this must be increased considerably (approximately 10 times the current effort). The technique followed should be similar to the one used today; i.e., QA inspections with increased attention paid to problem areas. The AEC should require that licensee, NSSS, and AE contracts or purchase orders include a boilerplate requirement which would authorize AEC entry into vendor shops for inspection purposes. Generic problem solving on 'standardized' items should be pursued by the NSSS (or the standardized applicant) and the AEC should take action directly with these 'certificate' holders. Enforcement action on 'non-standardized' items should be taken through the utility applicant. (pp. 32–33)

Extension of the Rasmussen-type study should be considered for other accident modes and other reactors. While this type of analysis is not a panacea with respect to evaluation of the safety of reactors, these techniques will help to identify weak areas and will give a reasonably good numerical value of level of risk. Of course, such analyses are dependent on identification of all accident chains and the proper quantification of probabilities of occurrence of specific events. (p. 40)

Regarding the inspection of construction sites, NSSS's, AE's and vendors, the required

Regulatory Operations inspection would be considerably greater than now exists. (p. 41)

In view of the energy crisis and the Administration's expressed interest in nuclear power, it is difficult to consider acceptable variations. (p. 57)

Regarding the safety of nuclear power generation, the entire question of level of risk is subjective. The present state of the art does not permit exact quantification of the level of risk nor does it provide for the quantification of improvement in the level of risk for alternative modes of operation within Regulation. (p. 17)

It is anticipated that the Rasmussen study will provide needed insight on quantifying the loss-of-coolant accident chain probabilities required to establish the level of risk for this accident. It would be beneficial to continue to factor in operating experience to help validate the numbers, continue to analyze for accident chains that may have been overlooked, and quantify risks from other potential accidents of less serious consequence. (p. 17)

The Task Force intuitively believes that the probability of having a major accident during the operation of present-day nuclear reactors is acceptably small. However, it does not believe that the overall incident record over the past several years, combined with the common mode failures that have been identified, give the required confidence level that the probability for such an accident is 10^{-6} (one in a million) or less per reactor-year. (p. 18)

The Task Force concludes that wherever reasonably possible, Regulation should strive to improve the confidence level that reactors are indeed safe and should demonstrate that the probability for a major accident is 10^{-6} (one in a million) or less per reactor-year. This is especially important as the number of operating reactors exceeds 100 and approaches 1000. As a matter of interest, if there were 1000 reactors operating and the probability for a major accident were 10^{-6} (one in a million) per reactor-year, the probability would be less than 0.03 (one time in 33) that such an accident would occur at one or more reactors during the 30 year lifespan of the reactors. (p. 18)

It was concluded by the Task Force that it is difficult at this time to assign a high degree of confidence to quantification of the level of risk associated with nuclear reactors. (p. 20)

INSPECTION

To date the Regulatory inspection philosophy has been focused primarily on obtaining assurance that the applicant or licensee (utility) is assuring the adequacy of the construction and operation of his plant. The inspection effort by Regulation encompasses only 1–2% of the safety related activities that take place on the construction site. The Task Force concludes that this effort should be expanded significantly in the . . . elusive value judgment called "level of risk." (p. 59)

The recommended inspection effort for NSSS's, A–E's and vendors. Since these are areas in which there is virtually no routine AEC inspection program, this variation seems plausible. However, the Task Force would recommend against any cuts, since there have been significant deficiencies noted in the limited inspections performed, and there have been significant deficiencies in vendor produced products which have caused incidents. While it is very true that not many deficiencies have been found in vendor-produced items, this is only because there have been few inspections performed. (p. 59)

A study of nuclear power parks and underground siting should be made in the future. (p. 65)

The total Staff review time for individual site and plant reviews will probably be about the same as the site-plant combination reviews presently performed; the site designation process will merely break the existing review process into two parts. (p. 2–1)

It is obvious that when only AEC resources are considered as applied to the numerous facets; QA programs, implementation of QA programs, design review, fabrication, erection, testing and the numerous attributes within each activity sphere, the result is an extremely low quantitative confidence level that the product will perform as designed. (p. 4–16)

OPERATING REACTORS

Reactor operating licenses require that abnormal occurrences, as defined in the Technical Specifications, be reported to the AEC. Approximately 850 abnormal occurrences were reported to the AEC during the 17 month period used as a sample base (January 1, 1972, to May 31, 1973). These abnormal occurrences involved malfunctions or deficiencies associated with safety related equipment. Forty percent of the occurrences were traceable in some extent to possible design and/or fabrication related deficiencies. The primary cause of at least 200 of the component malfunctions was design and/or fabrication errors. The remaining incidents were precipitated by operator error, improper maintenance, inadequate erection control, administrative deficiencies, random failure, and variations of the foregoing. Many of the incidents had broad generic applicability and potentially significant consequences. Several of these are discussed in section C of this enclosure. (pp. 5–1 to 5–2)

The following are examples of incidents having generic implications which have come to the attention of Regulation during the past few years.

1. Failed Hangars on ECCS Torus Suction Header for BWR's

In May 1972, during conduct of the power ascension testing program at a BWR facility, the licensee discovered and reported that several pipe hangars supporting the 24 inch ring suction header for the ECCS systems had failed and the header had sagged approximately six inches. Utility response to the Bulletin issued by Regulatory Operations and followup inspections revealed that similar problems (broken or bent hangar bolts, no lock nuts, improper bolts, overranged seismic restraints, and unbalanced hangar loadings) were in evidence at 4 additional BWR facilities. Failure of the ring suction header could negate operability of the ECCS and constitute a breach of containment integrity. The cause of component failure was attributed to failure to take dynamic effects into consideration during the stress analyses, failure to specify proper bolting materials to be used in erection of the ring header, and poor workmanship during system erection. Corrective action has been taken at the affected facilities.

2. Limitorque Valve Operators

During 1972, several licenses of light water reactors reported malfunctions in two models of electric valve operators used extensively in safety-related systems. The malfunctions were attributed to a lack of proper clearance between the moving parts comprising the torque switch unit and the inability of the torque switch reset spring to return the electrical contacts to a closed position following operation of the valve. During review of the problem, RO found that the vendor had not performed qualification testing to verify the switch design. RO informed all utilities having reactors in operation or under construction of the deficiency. Approximately 70 percent of the facilities had torque switches of the defective model installed. Valve operators utilizing the defective switches (limited to a 2-year manufacturing period) are being equipped with new torque switch assemblies by the licensees and component vendor. The manufacturer has modified his torque switch testing program to preclude repetition of this deficiency which had rendered many safety related valves inoperable.

3. Thin Walled Valves

Inspection of valves in the primary system and engineered safeguards systems at nuclear power plants under construction revealed that valve body castings do not always meet the minimum thickness requirements of the specified codes. This deficiency is attributable to lack of proper quality control at the foundry and failure of the manufacturers to require verification of valve wall thickness. Utilities with reactors in operation are presently being required wall thickness. Results to date indicate that virtually all facilities are finding valve with wall thickness below code requirements. Current purchase specifications issued by licensees now require positive verification of valve wall thickness.

4. Main Steam Relief System Failures

In a two year period, three significant incidents associated with main steam system pressure or temperature reduction systems have occurred at PWR facilities. On one occasion the nozzle between the safety valve and the steam line was completely severed during hot functional testing and resulted in injury to seven personnel. During the second incident, 3 of the 4 safety valves had blown off a main steam header and the header was split open during hot functional testing. Eight personnel were injured during the incident. The third incident involved the decay heat release system. During operation of the decay heat release valve the nozzle backed out of the vent sleeve due to reactive forces. Two personnel died as a result of injuries suffered during the incident. Operator error was a contributing cause of this incident.

The above incidents were precipitated by design inadequacies which did not consider the total dynamic forces involved during valve actuation. As a result of these occurrences, owners of other light water reactor facilities are analyzing and modifying their relief systems as appropriate.

5. Fuel Densification

During inspection of fuel assemblies at an operating PWR facility in April 1972, the licensee observed that an appreciable number of fuel rods had sections with collapsed cladding. This could cause fuel temperatures to exceed acceptable values both during normal operation and under accident conditions. At the time of initial ABC review of this phenomenon, it appeared that this problem was associated only with PWR fuel design. It was thought that axial gaps would be much less likely in fuel rods containing free-standing fuel pellets (as in the case for BWRs) and consequently the review effort was concentrated on PWRs. However, after initiation of a review of BWR fuel densification effects, other problems associated with fuel densification besides clad collapse were uncovered which resulted in an increased review effort which resulted in operating limitations being imposed on several operating BWRs. In retrospect, it seems likely that more extensive fuel design evaluation and proof testing, coupled with an increased and continuing post-irradiation examination of fuel rods from older reactors would have revealed the existence of the fuel densification phenomenon.

6. High Energy Line Breaks Outside Containment

An anonymous letter to the ACRS concerning the possible effects of the rupture of the main steam line outside the containment was received in late 1972. This prompted a rather extensive review of all plants for steam line breaks. The reviews initially concentrated on steam lines and compartment pressurization, but quickly expanded to feedwater lines and included pipe whip and the

environmental effects of the ruptured pipes. It was determined that the failure of these lines at some plants could have rendered control spaces uninhabitable and safety systems inoperable.

Further extension of this review resulted in a rather detailed and lengthy set of preliminary criteria to be applied to present generation plants for all high, moderate, and low energy line breaks outside the containment. A regulatory guide which outlines an acceptable approach as to separation, isolation, and restraint of lines outside the containment whose rupture could cause safety problems is in preparation for not only the *present* but also for future generation plants. This design deficiency reinforces the need for Regulation to more thoroughly review the design layout of nuclear power plants.

7. Maximum Drywell Temperature

The maximum design drywell temperature for present generation BWRs was determined from the design-basis loss of coolant accident (LOCA). This is the rupture of the largest recirculation pipe in the primary system and resulted in an equilibrium saturation temperature of about 280°F after blowdown. During a slow release of primary coolant steam at an operating BWR facility, the drywell temperature recorders indicated temperatures in the range of 320 to 340°F. While it was initially suspected that either faulty temperature recorders were the cause of the high temperature or that some highly localized effect was taking place, a simple application of the principles of adiabatic blowdown (constant enthalpy) of the saturated steam associated with a small leak revealed that an equilibrium temperature of 340°F would result. Consequently, the design temperature for the drywell and specified operability temperature for safety related components located in the drywell was changed to 340°F.

8. Flooding of Safety Related Equipment

In June 1972 an expansion joint in the main condenser circulating water system at a BWR facility failed and flooded the turbine building to a depth of approximately 15 feet. Safety related equipment including diesel generator cooling water pumps, service water pumps, and the residual heat removal system were flooded and rendered inoperable. Although the failure, per se, was not precipitated by a deficiency in safety related equipment, the inundation of safety related equipment as a result of the non-safety related component failure highlighted a deficiency in over-all plant layout. As a result of this occurrence other utilities have examined their plant layouts and corrective actions are being initiated as appropriate. (pp. 5–3 through 5–9).

EXIMBANK SUSPENDS RUSSIAN ENERGY DEAL AFTER GAO RULING

Mr. SCHWEIKER. Mr. President, on Friday, March 8, I received a legal opinion from the Comptroller General to the effect that the Export-Import Bank lending procedures to the Soviet Union are contrary to law. Upon receipt of that opinion under cover of my letter demanding suspension of Soviet loan transactions, the Eximbank, at 8:45 Monday morning last week suspended consideration of all Communist country applications, pending clarification of the ruling.

I am pleased that U.S. subsidized investments in Siberian energy exploration have been suspended. I am going to continue to push to insure that American energy needs are met before we make massive 6 percent energy investments abroad. I am not opposed to foreign Eximbank transactions in general, but I am opposed to this specific Russian energy deal at a time when the energy crisis is adversely affecting American consumers.

Last Thursday the New York Times, in an editorial, reiterated the point I have tried to make in calling for, and releasing, the GAO ruling on Eximbank transactions. The Times editorial said:

It is hard to see the 'national interest' in pumping an eventual $6 billion, or much more, into developing Soviet energy sources when the investment could be well or better applied inside this country.

The Times also calls on Congress "to grasp this unexpected opportunity to subject the Siberian venture to harder scrutiny."

I welcome this support from the New York Times, and am at a loss to understand the confusion and bewilderment being demonstrated by the Eximbank in reaction to the GAO opinion. The law could not be more clear. Compliance with the law simply requires that the President submit to the Congress his determination that the proposed transactions would be in the national interest. While I remain firmly opposed to any Russian energy deals, I do not oppose nonenergy transactions, involving resources not scarce in this country, particularly with Eastern European countries.

Mr. President, on March 8, I reported to my colleagues on the GAO ruling, and published it in the RECORD, beginning on page 5914. I ask unanimous consent that the New York Times editorial I have just referred to, and newspaper reports of the Eximbank suspension of export credits to the Soviet Union this week be printed in the RECORD.

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

[From the New York Times, Mar. 14, 1974]

SIBERIAN GAS

The Administration's dubious proposal to channel billions of American investment dollars into developing the Soviet Union's Siberian natural gas fields has run into a well-timed legal barrier. On political and strategic grounds, beyond the technical point of law involved, the Congress would do well to grasp this unexpected opportunity to subject the Siberian venture to harder scrutiny.

Acting on a request by Senator Schweiker, Republican of Pennsylvania, the General Accounting Office has barred the Export-Import Bank from extending credits for the first part of the project pending a legally required statement from the White House that the project would be considered in the "national interest." Without an initial credit of $49.5 million, the ambitious Yakutsk exploration plan would probably die aborning.

The notion of a vast Soviet-American joint venture in the energy field had a certain superficial attraction when it was first broached two years ago, both as a tangible expression of an emerging détente and as a possible means of opening promising new energy sources.

Even then three were skeptics, including this newspaper, who questioned the plan's justification on both technological and commercial grounds, to say nothing of the security implications. With the passage of time, those doubts have become stronger than ever.

Vast new supplies of natural gas could admittedly provide an alternative to petroleum now imported from the Middle East, but this would simply be trading one politically unreliable source of energy for another equally vulnerable to the policy evolution of a foreign government. It is hard to see the "national interest" in pumping an eventual $6 billion, or much more, into developing Soviet energy sources when the investment could be well or better applied inside this country.

Strongly championed by Secretary of State Kissinger, the Siberian natural gas projects have become a symbol of the Administration's policy of détente. But the genuineness of the Soviet interest in détente has been cast increasingly in doubt by Moscow's attitudes in Europe and the Middle East. However valuable a mood of reduced tensions between the two superpowers, political atmosphere is not something to be bought by economic transactions that cannot be justified on their own merits. The Siberian natural gas development has yet to pass this test.

[From the New York Times, Mar. 12, 1974]

EXIMBANK HALTING CREDITS TO SOVIET ON LEGAL ISSUE

(By Edwin L. Dale, Jr.)

WASHINGTON, March 11.—The Export-Import Bank announced today that it is suspending for the time being consideration of all export credits to the Soviet Union and three other Communist countries pending clarification of technical legal issue raised last week by the General Accounting Office.

At issue is whether the President must declare each individual loan to be in the "national interest" and report to Congress on each loan, as the G.A.O. contends, or whether a single "national interest" finding for all future loans to a given country is sufficient.

The Eximbank has assumed for years that a single finding was enough and has made about $250-million of loans to the Soviet Union on the basis of a national interest finding by President Nixon in late 1972.

Another $250-million in loan applications is pending, including a request for a preliminary loan commitment of $49.5-million for exploration for natural gas in the Yakutsk field in Siberia.

It was the potentially huge natural gas deal that led Senator Richard S. Schweiker, Republican of Pennsylvania, to ask the General Accounting Office, an arm of Congress, to investigate the legality of the Eximbank loans. Senator Schweiker opposes the credits for natural gas.

Citing a potential figure of $6.1-billion in Eximbank credits, Senator Schweiker said last week, "I can't conceive of how any President could make the determination now that exporting $6.1-billion of American capital for energy development in the Soviet Union would be in the national interest.

In announcing the temporary suspension of further credits to the Soviet Union, Yugoslavia and Rumania, Walter S. Sauer, acting president of the Eximbank, said he could not estimate how long it would last.

The Eximbank's own lawyers are making the first examination of the legal question involved, which arises from interpretation of the wording of the underlying Export-Import Bank legislation.

In a coincidental development, Nikolai S. Patolichev, the Soviet Trade Minister, said in an interview with the magazine U.S. News and World Report that action by Congress blocking further Eximbank credits would "by all means" jeopardize the large natural gas deal.

He was interviewed before the G.A.O. finding and was referring to the provision in the House passed trade bill that would block further Eximbank credits unless the Soviet Union relaxes its emigration restrictions.

[From the Washington Post, Mar. 12, 1974]

UNITED STATES HALTS NEW LOANS TO SOVIETS

(By Dan Morgan)

In a move that could affect dozens of American manufacturers, the U.S. Export-Import Bank yesterday halted the processing of all new loans and credit guarantees to the Soviet Union and three other Communist nations.

The suspension of business with the Soviet Union, Poland, Romania and Yugoslavia was ordered by the bank's board pending "clarification" of a ruling by the General Accounting Office—the investigative arm of Congress—that the loans have been extended under an illegal procedure.

Bank officials said that, as a result, action on a Yugoslav application to finance the purchase of four Boeing aircraft was put off yesterday. They said that unless the problem is resolved, the signing of the Boeing agreement, which was originally planned for Friday, will have to be postponed.

The Yugoslav national airline and two Yugoslav banks are seeking $15.95 million in Export Import Bank credits to finance the transactions. The loans will be used in the $35.4 million purchase of two Boeing 707 and two 727 commercial aircraft.

Bank officials said yesterday that they were optimistic that the transactions would be approved, but they expressed concern that the GAO ruling would cause delays in many deals involving the four Communist nations.

On Capitol Hill, Sen. Richard S. Schweiker (R-Pa.), who had sought the GAO ruling on the legality of deals with the Soviet Union, hailed the bank's action in stopping further loans to that country.

He said that the suspension achieved the objective he sought: a stoppage of any American government financing of future Siberian natural gas exploration. "The Siberian energy deal is dead, at least for now," he said in a statement.

The surprise ruling by the GAO involved interpretations of a law governing the granting of low-interest government credits to Communist countries. The law specifies that the President must determine that such credits are in the national interest and report the finding to Congress.

General "national interest" findings were made for Yugoslavia in 1967; for Romania and Poland in 1971 and for the Soviet Union in 1972. But the GAO ruled that the law and its legislative history indicated that such a finding should have been made for each of the separate transactions subsequently approved.

Bank officials said yesterday that this would set up a "burdensome and time-consuming" bureaucratic procedure. However, they said that they had no alternative but to cease all business with the four nations pending clarification.

The credits have provided the major impetus for expanded economic cooperation with the Communist world. They have also helped the United States compile a sizable balance of trade surplus in East-West trade.

Nevertheless, at least as far as the Soviet loans are concerned, congressional concern has been evident.

Since Oct. 18, 1972, the Nixon administration has authorized the extension of $255 million in Export-Import Bank credits to the Soviet Union, covering 10 major projects, including the Kama River truck plant.

No credits for Soviet energy development projects have been granted, but an application for a $49.5 million loan to finance natural gas exploration in the eastern Siberian province of Yakutsk is on file at the bank. Other Soviet project loan applications have a value of over $200 million.

Yesterday in the Senate Foreign Relations Committee, Sen. Clifford P. Case (R-N.J.) said he was "deeply concerned" that "these things were done without coming to Congress."

The Export-Import Bank loans have been a major boon to Poland, Romania and Yugoslavia. Fifteen loans valued at over $100 million have been extended to Yugoslavia this year for purchase of petrochemical, textile, mining, steel mill and transportation equipment. Also, Westinghouse is hopeful that the bank will provide financing for the export of a nuclear power station to be built in Slovenia at the town of Krsko.

[From the Wall Street Journal, Mar. 11, 1974]

EX-IM BANK'S WAY OF EXTENDING LOANS TO RUSSIA DOESN'T OBEY LAW, GAO SAYS

WASHINGTON.—The Export-Import Bank isn't obeying the law in the way it extends commercial loans to the Soviet Union, according to a congressional agency's legal opinion.

The General Accounting Office, an arm of Congress that can rule on the legality of government actions, said planned energy-development projects in Siberia can't be financed by the Ex-Im Bank under a blanket presidential ruling that commercial transactions with the Soviet Union generally are in the national interest. The GAO said the President must approve each project individually and tell Congress why.

A Republican Senator said this should shoot down the two Siberian energy projects, because the President wouldn't dare tell Congress they should be financed with U.S. help. "I can't conceive that this administration with the long lines at the (gasoline) stations today would determine this is in the national interest," said Sen. Richard Schweiker of Pennsylvania. It was Sen. Schweiker who asked for the GAO opinion.

One project the Senator objects to is exploratory drilling for natural gas in the Yakutsk area of eastern Siberia, involving Occidental Petroelum Corp. and El Paso Natural Gas Co. and Japanese concerns. The Ex-Im Bank is studying a request for a $49.5 million loan to the Soviet Union covering U.S. equipment and services for the Yakutsk project, said Walter Sauer, the bank's acting president.

The second and larger project is the North Star development of natural-gas fields in western Siberia. Tenneco Inc., Texas Eastern Transmission Corp. and Halliburton Co.'s Brown & Root Inc. subsidiary have been negotiating with the Soviet government about participating.

Sen. Schweiker said the Soviet Union is expected to ask for Ex-Im Bank credits to help finance the $7.6 billion North Star project. However, the bank's Mr. Sauer said "we know nothing about that" and "there hasn't been any indication that they're coming to us."

In a letter to Mr. Sauer, the Senator asked the bank to "immediately suspend" consideration of credits to the Soviet Union until Congress gets assurances the law is complied with. In a telephone interview, Mr. Sauer wouldn't comment on the Senator's letter.

The GAO cited a 1968 law forbidding the Ex-Im Bank to extend credits to a Communist country unless the President tells Congress it's in the national interest. The law's wording and legislative background, said the GAO, "clearly requires a separate determination for each transaction." Instead, the bank has been relying on a single Oct. 18, 1972, determination by President Nixon that it's in the national interest for the bank to extend credit for the sale or lease "of any product or service" to the Soviets.

Sen. Schweiker said the GAO opinion calls into question the legality of $255 million of Ex-Im Bank loans to the Soviet Union for a variety of comercial transactions, but added he only objects to the energy-related projects. He complained the bank's 6% loans amount to a U.S. subsidy that isn't available for energy exploration in this country.

"It's too high a price to pay for detente in view of the energy crisis here at home," Mr. Schweiker said.

The House already has passed a ban on Ex-Im Bank credits to the Soviet Union because of that country's restrictions on emigration of Jews. The Senate has been warned the trade bill containing this ban will be vetoed if it reaches the White House.

TENANT MANAGEMENT OF ST. LOUIS PUBLIC HOUSING IS SUCCESSFUL

Mr. SYMINGTON. Mr. President, it is not very often that we hear good news about public housing. For the past year, however, two public housing projects in St. Louis have been operating under a tenant management experiment which is producing marked improvement in the living conditions in these projects.

In December 1972, the Ford Foundation approved a grant for a tenant management program at Carr-Square and Darst projects. During the one year of operation, crime and vandalism have decreased, the projects are free of trash and litter and rent collections have improved.

On the basis of the accomplishments of this program so far, the foundation recently announced an additional grant which will continue the present program at Carr-Square and Darst and permit expansion of the experiment to two other public housing complexes, Webbe and Peabody.

The accomplishments of the two Tenant Management Corporations demonstrate that, with proper training and management, tenant participation and pride can improve public housing and make it a decent place to live. The directors and their staffs are to be congratulated for their progress; and we wish them and the new tenant management groups continued success.

I ask unanimous consent that the Ford Foundation letter of announcement and staff memorandum on this demonstration project be printed in the RECORD.

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

THE FORD FOUNDATION,
New York, N.Y., March 1, 1974.

HON. STUART SYMINGTON,
Old Senate Office Building, Washington, D.C.

DEAR SENATOR SYMINGTON: I am pleased to inform you that the Foundation has recently approved an additional grant of $130,000 to the Tenant Affairs Board of St. Louis to continue and extend a promising tenant management program at four St. Louis public housing projects (Carr-Square Village, Darst, Webbe, and Peabody).

Initially funded in December, 1972, this program is testing (with gratifying success thus far) the proposition that trained tenants given expert advice and working with a supportive Housing Authority can improve the operation of even severely impaired public housing projects.

A staff memorandum describing this grant in greater detail is attached. We will be pleased to answer any questions you may have.

Sincerely,

LOUIS WINNICK,
Deputy Vice President.

TENANT AFFAIRS BOARD OF ST. LOUIS

Few components of the federal housing program have proved more problem-ridden and resistant to solutions than public housing. Changes in the last decades in tenancy (from a majority working poor to a predominance of dependent families), increases in density, and inflation-caused financial deficits have resulted in serious frustrations for local housing authorities, tenants, and HUD alike.

No place in the country has the cycle of dissatisfaction with traditional public housing been played out more dramatically than in St. Louis, where a prolonged 1969 rent strike toppled both Housing Authority administrators and commissioners. Those who took their place inherited a bankrupt system and an inventory of badly mutilated units including the now infamous Pruitt-Igoe project.

While the rent strikers succeeded in winning many of their demands, including the appointment of two tenants to the Authority's board of commissioners, and gained recognition and salaries for duly elected representatives of each of the city's nine family projects, the goal they deemed most important, tenant management, was not achievable at that time.

However, by 1972 HUD, the Authority and City Hall had become convinced that the only solution to pervasive problems at the project level was "peer pressure." Thus, they joined the Tenant Affairs Board (TAB) in advocating the funding of a tenant management demonstration in two of St. Louis' public housing projects, low-rise Carr-Square Village and high-rise Darst.

In December 1972 the Foundation approved a fifteen-month grant to TAB of $130,000 to test the proposition that trained tenants given expert technical assistance and working with a supportive Authority could improve the operations of even severely-impaired public housing projects. Agreement was reached with the St. Louis Housing Authority that it would continue its normal flow of dollars to the two experimental projects while the Foundation funded those extraordinary costs required for the demonstration. At the outset, two conditions for a grant renewal to allow additional conversions to tenant management were established: (1) improved operations and (2) the Authority's willingness to assume as normal project expenses those new staff positions which were designed as part of the experiment.

In December, all involved participants—project managers, tenants selected for the newly created positions of building managers in the high rise and lane managers in the low rise, maintenance staff, and the directors of each of the two tenant management corporations (TMCs)—began an intensive training program. On March 15, 1973, actual tenant management began.

Included in the Foundation grant was an evaluation role for a St. Louis University team of social scientists. With tenant management in charge, the St. Louis University team found at Carr-Square Village that rent collections have improved markedly, substantial amounts of back rent are being collected, and incidents of vandalism have declined significantly.

The TMC directors—but more so the tenants in the newly created positions of lane managers—are credited with much of the new spirit of resident cooperation at Carr-Square. These six sub-managers function as community organizers and apartment inspectors; they handle maintenance concerns, orient new tenants and, in general, act as all-purpose concierges.

The 656-unit Darst project (whose original condition was at least as bad as that of Carr-Square) has progressed even further. Here, too, summer youth were involved in an intensive groundwork effort, a new security force was selected, trained and armed, and attention was focused on frequency and manner of garbage pickup. Derelict autos are gone—as is the trash that littered stairwells and halls. Screen doors are being replaced; tile walls and elevators throughout the project have been scrubbed.

In October, with the TMC experiment but seven months old, the Authority made its decision regarding the program's future. Administrators and commissioners alike agreed to continue tenant management at Darst and Carr-Square and to absorb as an Authority expense the new positions created under the grant. Moreover, they joined TAB in a request to the Foundation that support be given to allow two more projects—Webbe and Peabody—to embark on the TMC path.

Given improved operations under TMC management and concrete evidence of the Authority's willingness to institutionalize the TMC program, a second grant of $130,000 for one year to TAB was approved. The grant will allow Darst and Carr-Square the continuation of technical assistance and the establishment of an innovative tenant service program. For the two new TMCs, the grant will pay the costs of management training, technical assistance and the tenant service program.

NEW MEXICO LEARNS ABOUT THE ISSUE OF PRIVACY

Mr. ERVIN. Mr. President, in the past several months, many events have come to light that should alert Americans to dangers to their constitutional right of privacy. There have been almost daily media reports concerning actions by Government and individuals that infringe upon privacy. I believe that we would all agree that the right of personal privacy is one of the most basic and inherent rights possessed by Americans living under our Constitution.

Last month, the state of the Union message alerted the Nation to the President's new concern with the right of privacy. That was followed by the introduction of two bills, one by Senator HRUSKA at the request of the Justice Department and the other by me, that deal with one special area of privacy—computerized police data bank systems. Then, in response to pressure from courts and citizens' groups, LEAA adopted my suggestion for a moratorium on its funding of behavior control projects. At the end of February, Congressman EDWARDS of California began hearings before a House judiciary subcommittee on police data banks. In his response to the President's state of the Union message, Senator HART gave a comprehensive speech outlining the kinds of action that the President should undertake immediately to support his words with concrete action. In addition, the Senate Subcommittee on Constitutional Rights, of which I am chairman, recently conducted hearings on privacy and police computers.

We have heard a great deal about Government wiretaps, burglaries in the name of "national security," practically unlimited access to personal records, and the like. The Government has also sought to undertake various programs that affect mental processes, such as psychosurgery and behavior modification. At the same time, many Government officials have been paying more attention to the problem of unwarranted intrusions into personal privacy. These events have been national in origin and in scope. But is the problem of privacy only of concern to the National Government and a few experts? Do the people realize the dangers to privacy that confront them? Are they concerned?

During the month of March, the State of New Mexico has been teaching itself about privacy. New Mexico is in the midst of a unique self-education campaign that is designed to teach its people about invasions of privacy. I think that all Americans should be made aware of this State's efforts. I also think it is one which, if successful, ought to be duplicated in other States. For despite the efforts of public officials in Washington, the people must know about and care about invasions of their privacy. The best results would occur if the people were informed at the State and local levels of government. What we do in Washington is doomed to failure if the people are not aware of or concerned about dangers to the right of privacy.

The New Mexico campaign was conceived by the Institute of Regional Education, a group of people seeking ways to bring issues of public interest to the attention of ordinary citizens through the various media. They selected privacy as the most timely topic and enlisted the cooperation of the New Mexico Civil Liberties Union.

The first stage in the campaign was a series of spot advertisements on radio and television and small advertisements in the newspapers. The newspaper ads consisted of pictures of a human eye or of a computer card. The television advertisements were very effective. One showed the close-up of an eye which sounded like a camera shutter when it blinked. Another showed a group of children playing. The camera focused on a young girl 13 years old who suddenly was photographed as in a mug shot with her social security number in place of a prison number. Pictures of this mug shot also appeared on billboards throughout New Mexico. Another effective television spot focused on the pyramid and the human eye on the reverse of the $1 bill. The eye became a rocket which circled the Earth, beaming in on New Mexico and taking closeup pictures of citizens in their homes.

This initial stage was designed to attract the citizen's attention to the issue of privacy, not to give detailed information. It was very dramatic and clearly caught the attention of readers and viewers.

The next stage of the campaign entailed the publication of a 38-page Sunday newspaper supplement entitled "Ten More Years—1974 Report on Invasion of Privacy and the Technology of Control," which was distributed on a statewide basis. The supplement explains the purpose of the campaign and briefly treats such issues as data banks and Government files, giving detailed information on various types of files, how they are used, how they can be useful, and what the dangers of them are. Another topic is surveillance—the various ways Government keeps track of citizens' political activity at both the Federal and State levels.

Recordkeeping is not the only privacy

issue. Since the theme of this privacy campaign is the different ways government and society monitor and control behavior, the supplement also has an article on drug use—not illegal drug use, but the many ways people legally take drugs to change their behavior and control their emotions. Another article deals with psychosurgery, aversive therapy, and other kinds of behavior modification techniques and violence prediction.

The third stage in the campaign is a series of discussions and interviews on television and radio in which a variety of people who possess expertise in these issues speak in detail about them. I have seen the list of participants and they are indeed a fine collection of national experts. A member of the staff of the Subcommittee on Constitutional Rights was invited to participate, along with Congressman BARRY GOLDWATER, JR., author of, among other privacy bills, one of the more far-sighted proposals to control computerized data banks.

The object of the campaign is not to push any particular bill or set of rules. It is only to inform and enlighten the citizens of New Mexico on an issue which concerns their most precious right—the right to be let alone. New Mexico, the New Mexico Civil Liberties Union, the Institute for Regional Education, and the people of New Mexico are to be commended for their interest and initiative and their participation in a unique project. All Americans have a great stake in its success.

Mr. President, three documents give a brief description of the privacy education campaign and its goals. They are the "Statement of Common Sense," a summary of the campaign, and the plan for the followup to the media campaign. I ask unanimous consent that these three documents be printed in the RECORD.

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

STATEMENT OF COMMON SENSE

We, citizens of New Mexico, feel that there are growing dangers to life in our modern society. More and more, we are being controlled and directed in our actions and thoughts. Our privacy is being invaded and our constitutional rights as American citizens are being threatened.

It is time for us to use our common sense, and call upon public officials to use the authority we gave them, to face the following questions and provide the citizens of New Mexico with the answers they deserve. Questions in the public interest are vital to our security as human beings and citizens of a democracy. These questions in the public interest must be talked about publicly and debated.

FIRST

Should citizens be protected against computerized record keeping and use of surveillance technology?

SECOND

Should arrest records of cases not resulting in conviction be removed from police files?

THIRD

Should there be a public review to guarantee the protection of people's rights in regard to the State and local police use of the National Crime Information Center (FBI) computer system?

FOURTH

Should strict regulation of credit records be provided to protect the rights of people?

FIFTH

Should your social security number be used as a method of identification for record keeping?

SIXTH

Should a Citizens Review Board be established to investigate and make recommendations about the uses, abuses, protections and general practices of record keeping in the State?

SEVENTH

Should the operation of the New Mexico Law Enforcement Assistance Administration (LEAA), as implemented by the Governor's Criminal Justice Planning Council and the Albuquerque Metropolitan Crime Commission, be reviewed for policy and greater community representation?

EIGHTH

Should more emphasis be given to the investigation of organized crime and official corruption in New Mexico?

NINTH

Are drug and behavioral modification programs being used in the State's penal and educational institutions? If so, should they be?

TENTH

Is psychosurgery being used in New Mexico? If so, should it be?

SUMMARY: MASS-MEDIA, SURVEILLANCE—CONTROL PROJECT

The New Mexico Civil Liberties Union is sponsoring a campaign to bring an important issue to the attention of the public in the Albuquerque metropolitan area. Through invasions of privacy, we are facing increased threats to our civil liberties. The issues covered are:

Record Keeping—especially computerized.
Surveillance.
Behavior Modification Programs.
Legalized Drug Abuse.
Law Enforcement Assistance Administration.
Predelinquency Programs.
Violence Prediction Methods.
Psychosurgery.

Each one of these issues is extremely important in its own right. Each can be used to control and direct behavior—each becomes a tool of control. When they are all put together, when they are seen as a group of methods, they are more threatening than any single one of them. Together, they become a technology of behavior control.

A saturation, month-long, mass-media, advertising campaign has been developed to attract attention to the issue. Ads have been developed over the last nine months for:

Television—150 to 200 prime time spots in 10, 30 and 60 seconds on 3 network affiliates for a period of one month.

Billboards—100% coverage in the Albuquerque area.

Radio—daily ads on Albuquerque radio stations.

Newspapers—several ads each week in the Albuquerque Journal.

To disseminate the information, several different methods will be used:

Three, one-hour long talkshows will be produced for prime-time, local network television; the participants will be well-known national individuals as well as nationally recognized specialists in these areas;

A comprehensive booklet-report will be printed (150,000 copies) and distributed (over 100,000 will be inserted in a Sunday Albuquerque Journal edition);

Speakers from New Mexico will participate on local radio and television talkshows;

Network documentaries on television; and

Newspaper, radio and television coverage of the issue and of the campaign.

The emphasis of the campaign will be to:

Generate citizen involvement through support for the Statement of Common Sense;

Create greater public awareness of the issue;

Develop a public-interest advertising model for use elsewhere; and

Establish a permanent monitoring agency to follow the issue in the state.

There is much more information available. If you would like to know more, please contact: Institute of Regional Education, P.O. Box 404, Sante Fe, New Mexico 87501, (505) 982-2272.

FOLLOW-UP TO MEDIA CAMPAIGN—PROJECT ON PRIVACY, DATA COLLECTION, AND BEHAVIORAL MODIFICATION

Sponsor: New Mexico Civil Liberties Union.

Development: Affirmative commitment by the New Mexico Civil Liberties Union to establish Follow-Up Project/Statewide fundraising effort to assist project/Board planning of the project.

A. Objectives:

1. Establish a statewide Office to indicate organized concern for the issues.

a. To identify and cultivate an active constituency.

b. To keep the issues before the public/a public watchdog.

c. To influence public policy.

2. Compile current/extensive research into the issues.

a. Available to the public (library).

b. As a resource background for programs of action (clearing house).

3. Stimulate investigative journalism/widespread news coverage of the issues.

4. Design action-models that offer citizens the opportunity to work for their rights/operative through the statewide organization.

5. Design programs of public education that can be offered to the media, educational institutions, and community groups.

6. Assist the individual citizen in the process of the protection and recovery of rights as relates to the scope of the project.

B. Scope Of The Project:

1. Day-to-Day Monitoring of State Administration—programs and initiatives; serves as public watchdog; through research to be thoroughly knowledgeable with the issues and vital personnel.

2. Project Newsletter/Special Publications—to provide a source of public record on the issues; serve as a vehicle to interest, identify, and cultivate a constituency.

3. Media Coverage:

a. Stimulate investigative journalism/hard news coverage—identify and cultivate contacts in State Administration and newscorps.

b. Public Interest Advertising (pas's)/talkshows, etc.

4. Statewide Office/Library—located in Albuquerque that serves as a center for information and action programs/serves as a central clearing-house for the issues.

5. Consultation—available upon request for:

a. Investigative research;

b. Administration and corporate evaluation;

c. Special request from state legislators for studies as background for legislation/hearings; and

d. Advice and assistance in litigation.

6. *Public Education Programs*—

a. Speaking engagements.

b. Cooperative projects with schools, universities, and community groups.

c. Media programming and publications.

7. Lobbying Effort—hopefully a statewide constituence will form around the project, equipped with documentation, cultivated contacts within the legislature, and programs of citizen action aimed at influencing legislation.

8. Volunteer Programs—providing citizens an organized opportunity to assist in a given area listed above, and/or focus on a particular issue of immediate importance.

C. Staffing.

Perhaps the key to an effective project is a full-time, interested and creative staff. To obtain this combination of factors, serious effort will be made to identify and hire the projects two staff persons, prior to the operation of the project. This will provide the staff the opportunity to work directly with the sponsor on all aspects of the development of the project. In so doing the staff will in effect found the project and be intimately associated with all its detail. This organizational time before operations will also afford the staff and Executive Office of the New Mexico Civil Liberties to formulate and test a productive working relationship. Essentially the Project staff will work directly with the Executive Director and Staff Counsel. Director and Counsel will oversee the project development for the Board.

Projected budget (12 months)

Staff, two persons, at $600/month	$14,400
Office rental & utilities (shared with executive office) at $100/month	1,200
Phone, at $100/month	1,200
Permanent office equipment	800
Office supplies, stamps, etc., at $100/month	1,200
Travel, at $200/month	2,400
Publications, at $200/month	2,400
Media—time and space at $250/month	3,000
Special project funds	1,000
Total	27,200

Mr. ERVIN. Mr. President, because the supplement "Ten More Years—1974 Report on Invasion of Privacy and the Technology of Control," contains much valuable information of interest to all Americans, I would also like to place excerpts from it in the RECORD, as well. The length of the supplement precludes its entire reproduction, so I have selected portions of it that deal with subjects that have not been as well covered as other aspects of the privacy issue. Persons wishing a full copy should contact the New Mexico Civil Liberties Union at P.O. Box 25961, Albuquerque, N. Mex. 87125. I ask unanimous consent that these excerpts from the supplement be printed as well in the RECORD.

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

TEN MORE YEARS? 1974 REPORT ON INVASION OF PRIVACY AND THE TECHNOLOGY OF CONTROL

(By New Mexico Civil Liberties Union)

One morning last year, Richard Stark, a resident of Corte Madera, California, opened his bank statement and found more than just cancelled checks. Enclosed with his checks was a memo dated August, 1971, with his name and account number. It said: "This memo is to authorize you to read checks to the FBI before sending statement to customer." The words, "before sending statement to customer," were underlined in red ink. Bank officials admitted that the memo was genuine and had been mailed to Stark by accident.

If this were but a single, isolated incident, perhaps we could overlook it; however, such incidents are increasingly commonplace. This is but a small aspect of a growing nationwide network of surveillance, invasion of privacy, and control.

In a society dominated by large bureaucratic institutions, the control of information is a vital element of power. The more centralized decision-making becomes, the more it must rely on a huge network of information-gathering activities.

This information-gathering activity, ranging from credit bureaus to the Social Security Administration, invades every aspect of our daily lives. The existence of massive records and files becomes a subtle restraint on individual freedom; there is always the fear that a statement or action may prove to be unwise or unpopular and come back to haunt you from the files. The late Senator Joseph McCarthy stained the lives of many innocent people with his hearings. If he had had the surveillance equipment and computer databanks of today at his disposal, the damage could have been many many times greater.

Since McCarthy's day, we have been exposed to numerous revelations of the military spying on Americans civilians, of CIA and FBI involvement in questionable and illegal surveillance, and of agencies and corporations snooping and prying into private lives—all aided by the fantastically sophisticated and powerful weapons of the computer and modern "spy" equipment.

Computer records, though certainly the broadest reaching in their impact, are just one aspect of the network of control emerging from today's new technology. There are electronic surveillance hardware and weapons, behavior modification programs, mood-changing drugs, widespread intelligence operations, methods of violence and delinquency prediction, and even psychosurgery. All the necessary equipment for a police state has been assembled before us: what assurance do we have that it will not be put to use?

The answer is that we do not have such assurance, and in fact this system already is being put to use in too many instances—sometimes intentionally, sometimes not intentionally so. Perhaps just as disturbing is the fact that, due to the secretive and complex nature of the apparatus, we American citizens do not even know how widespread and dangerous the existing system really is.

Of course, the technology which has created the tools of surveillance and control also has created our modern affluence. However, the major concern, at present, is how and why it is used. It is time we examine critically the kinds of technology that is rapidly being developed and put to use.

It is for this reason that we have conducted a media campaign and written this report: to raise questions about a growing threat to the residents of New Mexico and to the citizens of America. That threat is usually called "invasion of privacy," but we feel that concept is too narrow to describe the danger confronting us.

The danger we are facing is that of control: all of us, in different ways, are being increasingly directed. For some, this control is subtle and not too physically painful; for others, it is very direct. For all of us, it is very powerful and more and more limits our freedom and our range of choices.

In what follows, we shall examine many applications of the technology of control and their implications for our basic rights and freedom. Much of what is described in the booklet is taking place, at present, outside of the State of Mexico. However, it appears to us that what is occurring now in other states is a nationwide trend, with experiments and models being developed for use elsewhere in the country.

This booklet will probably be best read in several sittings. It is meant to be a report on dangers facing us. (Hopefully, you will want to keep it.) It has not been written for its shock value; however, this report may be upsetting because the information itself is alarming. Most people are not aware of its extent and that is the purpose of this whole campaign—to get out information to the public that does not ordinarily reach that far.

The campaign hopes to raise questions that the NMCLU feels are vital to our security. To raise questions in the public forum is a democratic exercise of our constitutional rights of freedom of expression. We cherish this right and invite you to join with us in examining these questions. The answers to these important questions will have to be found in another public forum—that of public policy and law, the proper business of the legislative, executive and judicial branches of our government.

Today we are living in a mass culture in which physical distances seem to shrink as centralization grows. The technology that created mobility and mass communications also has been the major factor in the breakdown of smaller communities, neighborhoods, churches and most other forms of personal association. These institutions that previously defined relationships among individuals and stood between them and the power of large corporations and massive federal agencies have been shaken and changed by technology. Increasingly, the individual has become isolated and anonymous.

Rapid technological change has been a major force in creating the confusing world we find ourselves confronted by. New machines—television, automobiles, computers—are constantly influencing our lives. The computer, for example, has changed the way we work in both factories and offices. The growth in the use of computers has been impressive.

Computers have also affected record-keeping. At this time 20 page dossiers on every American could be kept in a single filing cabinet. The potential is even greater.

". . . a tape storage system which will make it possible to store a dossier on every living person in the U.S. and to retrieve any one of them in a maximum of 28 seconds."

These and other wonders are being churned out of our businesses, mostly from the larger corporations. Much of this business is being supported by the federal government, which both buys the products and pays for much of the research needed to create the new products. Computers, electronics, law enforcement technology, credit, drugs and many other areas are now big businesses. These are major growth industries that the economy is increasingly being forced to depend on.

Obviously, there are larger profits to be earned. But there are other forces creating the "need" for new products. One of these is the bureaucracy itself. Arthur Miller, a Harvard law professor and one of the leading experts in the field, describes this process:

"As information-recording processes have become cheaper and more efficient, the government's appetite for data has intensified and been accompanied by a (tendency) toward centralization and collation of file material . . . Technological improvements in information-handing capability have been followed by a tendency to engage in more extensive manipulation and analysis of recorded data. This in turn has motivated the collection of data pertaining to a larger number of variables, which results in more personal information being extracted from individuals . . . One consequence of this combination of greater social planning and computer capacity is that many governmental agencies are beginning to ask increasingly complex, probing and sensitive questions."

Unfortunately, there have been many serious side effects that have accompanied these changes in our society. Just as automobiles were not invented to pollute the air and kill thousands each year, these discoveries were not all made for the purpose of curtailing individual freedom, but some of their uses have that effect. Mass society has a huge appetite for information on which this new technology feeds. The safeguards of privacy of two centuries ago are now no longer genuinely effective. The Founding Fathers in their efforts to develop protections for citizens within the Constitution could not foresee modern communications, modern surveillance methods, or computerized in-

formation systems; they mistakenly assumed that protecting against self-incrimination and the trespass of the individual's property would be an adequate assurance of his privacy.

One of the biggest dangers now is that the danger itself may not be recognized by a majority of our citizens, or they may not be ready to insist on protections. That has been the history, through the ages, of how totalitarian and dictatorial powers have grown. First, only a minority—usually those regarded without much sympathy by the majority of citizens—are the subject of the more severe repressions. The majority may face increasingly irritating abuses, but not of a magnitude to cause protest. Finally, of course, it has been too late.

This danger is particularly valid now—the danger of gradual and subtle erosion of rights—because we are not dealing with rabblerousing, would be dictators, but quiet, hard-to-defect infringements involving complex technology and science. By the time we wake up, it may be too late.

The genius of the American system has been that the Founding Fathers did not have to foresee every detail of what the future might bring. They helped shape a document, the Constitution, which spelled out legitimate governmental powers and reserved important individual liberties to the citizens. Lawmaking bodies and the courts, through the years, have shaped current answers to fit within that broad insurance of individual protection. Each new generation has to work to apply new answers and ways of applying those same protections to new situations. That's the meaning of the cry of our Revolutionary War, "Eternal vigilance is the price of liberty." None of us can wait for "someone else to do it." The pressures are so great that each citizen must jealously protect his own freedoms, and join in concert with his fellows—otherwise we will all be endangered.

There has been another major side effect of technological changes. As a nation, as individuals, we are suffering more and more from anxiety, fear, mental depression, frustration. Much of it results from the stresses of our modern society. Unfortunately, the individual has been the focus of the problem; that is, the problem is said to lie within the individual rather than in the society. Solutions are directed at the individual rather than the society. Mostly, these solutions rely on technology to cover over only the symptoms of the problems people are experiencing. These symptoms, such as crime, drug abuse, worker absenteeism and turnover, "dropping out," and lack of discipline, show up in our actions and behavior. Technology changes or redirects the behavior to permit better functioning within an environment that doesn't change, an environment that is accepted the way it is.

Thus the individual is forced to change his or her behavioral symptom, when quite often the society, the environment, is the place where change should occur. All levels of leadership in our nation—economic, political, intellectual and scientific—have failed us, in this regard, by creating answers that emphasize the individual as the source of the problem.

RECORDS, FILES, DOSSIERS, DATABANKS AND PRIVACY

Almost every time you fill out a questionnaire, an application, or a form, it may be held from one to two years to as long as you live, or sometimes even beyond.

These records are kept by the government agency or corporation for which you filled out the form, but they aren't the only ones who see the information. Very often, employers, other agencies, landlords, reporters or police have legal access to them. And, as we know all too well, sometimes people get information illegally, too.

Some agencies and corporations have gathered millions, and in some cases, billions of files. The federal government had, by 1967, accumulated over 27 billion names in its files down through the years. The Retail Credit Co. had information on 45,000,000 Americans.

As a result, each American citizen is probably the subject of 10 to 20 of these files (or "dossiers"). So far, they are somewhat decentralized in the hands of federal, state, and local agencies and private businesses.

But modern communications and the computer places information easily within reach of anyone who wants to go after it. In 1967, a Long Island newspaper reporter randomly chose an individual to research. With approval, the reporter published a biography of him. The "guinea pig" was shocked to see the extent of the information that the reporter had amassed about him. This information included health, birth, marriage, children, financial, home and car, and discharge records.

In the past, such a task would have been much more difficult. Records were scattered, incomplete and contained little personal data. This has changed, especially in recent years.

Now, with the aid of the computer, large amounts of private information are readily available. However, many officials have wanted to go beyond this present state of slightly inefficient data collection. In the late 1960's, a proposal was made to establish a National Data Center in which all the available information on every U.S. citizen would be centralized in one huge computer system.

Social Security numbers would have been, and still could be, the means of meshing and centralizing all the available information on each citizen.

A report commissioned by the Secretary of Health, Education, and Welfare (HEW) entitled, "Records, Computers and the Rights of Citizens," makes this point:

"After reviewing the drift toward using the Social Security Number (SSN) as a de facto standard universal identifier, the Committee recommends steps to curtail that drift. A persistent source of public concern is that the Social Security Number will be used to assemble dossiers on individuals from fragments of data in widely dispersed systems.

"Although this is a more difficult technical feat than most laymen realize, the increasing use of the Social Security Number to distinguish among individuals with the same name, and to match records for statistical-reporting and research purposes deepens the anxieties of a public already full of concern about surveillance."

Although the proposed National Data Center was not voted into law, it gained a substantial amount of powerful support and will likely be reconsidered again in the future. Such centralizing of computerized information on citizens is already occurring at the local level in cities such as New Haven, Connecticut and Huntington Beach, California, as well as within many federal agencies. The process of compiling these records often invades our privacy. There are only a few ineffective laws regulating data collection and use, and these are not strictly enforced. Computer records, though, create many threats to our rights.

Type of Information Collected: Much of the information being collected is highly personal, too detailed and unneeded by those collecting it.

Accuracy: Raw, unverified data, or hearsay (gossip), often finds its way into records. Anybody who's had a running battle with the computer over a bill he or she doesn't owe knows how frequently these mishaps occur.

Access to Information: Illegal or legal access to data often occurs without the knowledge of the individual who supplied it with the understanding that it would be used only by the agency or business that requested or needed it.

Selling of Information: Many agencies sell data, including our own Motor Vehicles Department here in New Mexico.

Personnel Training in Data Use and Interpretation: Often the people handling and gathering information are not sensitive to the issues involved in interpretation of the data.

Obtaining of Information Under "Express or Implied Compulsion": While the majority of federal data is "voluntary," it is collected by making people feel that they legally must supply the information.

Information Merger or Centralization: The proposal for a National Data Center was rejected, but there are other data centralizing influences that aren't regulated. Federal agencies already have authority to share information. Twenty agencies already share computer time. Harvard law professor Arthur Miller stated that: "The roots of a federal information network have taken hold. All is needed to make the system flourish is nourishment from the White House in the form of funding and soft breezes of passivity from Congress."

Time Sharing: Many corporations and government agencies share computers with others. Unauthorized persons may gain access to sensitive data in this way. The security of such sharing remains unregulated.

Record prison

The collection of data on individuals by government and private sources holds many dangers for us all. Our rights, guaranteed by the Constitution, are continuously threatened while we are not even aware of it.

There are other hazards, too. Data collection becomes a means of directing people's actions and behavior. Many are afraid to do something, even though it is their legal right, if that act will "go on the record." A person becomes locked into the past—a past that is composed of judgments, opinions and anecdotal accounts, and records, a past that does not often permit a second chance. This became very clear in Congressional hearings when people testified of the "chilling effect" of having military agents spying on lawful political activity.

A bad credit record on even a small item can follow someone for a lifetime and hinder or prevent further credit. Even if the unpaid debts are the result of bookkeeping errors or honest grievances, they can still continue to plague you. These same forces might exist if you haven't applied yourself in school and your record is bad. You may sincerely want to try at the age of, say, 25, but a negative record may make it impossible. Or, job-hopping, even for an excellent reason (e.g., illness in the family forces the need to go to different places), looks bad on a record and makes an employer think twice about the person's stability. In these and other ways, record keeping can act like a "tracking system" in the public schools; early actions put a person in a category (like "college prep" or "technical vocation") and make it close to impossible to get out of.

Arrest records are an even clearer case. According to FBI statistics, of all the arrests made, about 47% are never brought to trial, are acquitted, or have their charges dropped. Yet arrest records are not removed from personal files and surveys have shown employers' biases against hiring people with arrest records. This policy also results in employment discrimination against minority groups (Mexican-Americans, Blacks and Indians) who are much more likely to be arrested. Estimates for the probability of arrest of a black urban male once in his lifetime is 90% compared to 60% for white urban males. For the country as a whole, 50 million Americans are estimated to have some sort of arrest record.

There are many examples of how prison records hurt people:

A suburban Kansas City police department was providing information on arrest and con-

viction records of potential tenants to apartment owners. This free public service kept "undesirables" out of town.

Police in cities such as San Francisco, Chicago, New York, Washington, D.C., Los Angeles, and Boston routinely allow influential employers to check police records despite policies or regulations prohibiting it.

A former U.S. Post Office employee was mistakenly charged with, and later cleared of, mailing obscene letters. Six years later he was disqualified for state employment because the Post Office had not corrected his employment record.

A police lieutenant with the New York Port Authority picketed the Authority with several other policemen and they later received a raise in pay. However, included in his excellent record was a negative evaluation based on his picketing; it resulted in his being turned down for later jobs with private security agencies.

Decision making

Our actions are directed in another important way aside from tracking. Records are extensively used in making policy. Agencies use them, politicians use them. But most citizens don't see the records, the citizens are the records. Lumped together, the actions of individuals recorded in files often show a trend or a direction. Guided by this information, officials can make decisions. But most people are left out of this process.

Information thus becomes power in the sense that information is of essential importance in making decisions. (The larger and more centralized our institutions become, the greater their need for information for research as well as for decision making.) But this information has become highly specialized. There is rarely any public knowledge of the existence of the information, how to get it, how much it costs, etc. Also, much information is "classified" or "top secret". Keeping the information away from citizens makes it impossible for large numbers of Americans to participate in the decisions that affect them, thus keeping power to make decisions in the hands of a few.

Professor Donald Michael, of the University of Michigan, puts the matter this way:

"... Using the computer for long range planning in a context of social perturbations (problems) will demand a collaboration among planners, policy makers and politicians that will threaten the practice of democracy . . . Its (the threat's) source is twofold: the increasing dependence of those with political power on esoteric knowledge and the decreasing ability of the concerned citizen to get the knowledge he needs to participate in matters of importance to him . . . In the urban world of 1976 that control, that power, will increasingly be based on access to and control of information and the means for generating new knowledge out of it."

These forces are all well underway at both state and federal levels. We all know how difficult it often is to affect policy decisions at these levels. But the same process is also taking place in our city and county governments.

The program is called "integrated management information system" (IMIS). Information from all departments of local government is integrated into a central department that helps to tie all governmental functions together with the hopes of improving decision-making ability. Furthermore most of these systems are applications of social science. While there are exceptions, the data in these systems "generally concern human beings and their institutions."

Two examples of such systems—New Haven and Hunting Beach—were briefly described earlier. They are by no means the only ones, as IMIS's are springing up all around the country. Many of them include data on individuals from the police. For instance, the Department of Housing and Urban Development (HUD) cooperated with the Law Enforcement Assistance Administration (L.E.A.A.) in setting up systems in Dayton, Ohio; St. Paul, Minn.; Long Beach, Calif.; Wichita Falls, Tex.; Charlotte, N.C.; and Reading, Pa. In Wichita Falls, for example, "any kind of business a citizen does with the city" will be easily retrievable, according to the assistant city manager.

The problems involved in acquiring and using data for decision-making are illustrated in many ways:

Price rises for government publications were announced in November, 1973. Some people saw this as a further attempt to stop statistical data from reaching the public. (Other recent attempts have been made: the firing of highly competent individuals who tried to make data public; canceling of press conferences; the removing of Bureau of Labor Standards Commissioners.) The *Albuquerque Journal* editorialized on this subject (11–17–73):

"Censorship and government secrecy frequently take devious and subtle forms, but the goals and the calculated results are inevitably the same."

Still other problems exist regarding the flow of correct information to the public. For instance:

A recent executive order gave the Department of Agriculture the power to inspect the federal tax returns of farmers "as may be needed for statistical purposes." This order applies to about 3 million farmers and it is the first time that the tax returns of any group as a whole were opened up for any reason. Returns of individuals are available to many federal agencies. Congressional committees, to states and to individuals legally requiring the data. In the first half of 1973, federal agencies alone looked at over 20,000 returns. But never has a class or group such as farmers (or businessmen, or homeowners, or union members, etc.) been exposed to this practice. The future goals of this order was revealed by a report of the Committee on Government Operations:

"Apparently, the original executive order was designed as the first in a series permitting other federal agencies to extract personal financial information from the income tax returns of American citizens whether they be farmers or not."

For over a decade, the United States Information Agency secretly paid authors and publishers over one million dollars of tax money to produce highly political books on sensitive and controversial topics. These books, which would not otherwise have been produced, bore no government label or any other identification concerning sponsorship or origin of information.

The federal government has consistently manipulated definitions and statistics in order to make their performance look better. Unemployment figures is one area. Senator William Proxmire recently introduced a bill to guard against even more overt forms of juggling figures by U.S. officials.

In addition, Time magazine has criticized former Attorney General John Mitchell's reporting of crime statistics in this way: "Trouble is, the gains Mitchell reported are like a set of crooked corporate books—deceptive."

In Washington, D.C. the auditor for the Police Department found that "more than 1,000 thefts of over $50 had been purposely downgraded to below $50. That made them petty larceny and dropped them from the roster of major crimes."

Credit records

We are all affected by these uses of data. Specific individuals, however, are often unjustly hurt by the use of information about them. For instance, many credit bureaus compile extensive files about people who have borrowed money or who have tried to borrow money. Retail Credit Co. of Atlanta has files on over 45 million Americans and the Associated Credit Bureaus of America has collected data on over 100 million citizens. In total, columnist Jack Anderson has reported that an estimated 100 million Americans are "spied upon" each year by credit bureaus.

Unfortunately, unverified, often inaccurate information—gossip—often finds its way into the files. It is difficult, if not impossible, to find out who makes the charges which may keep someone from getting a loan or job. In this way, "due process" is denied when a person cannot confront an accuser; there is no attempt to find out the accuracy of the information.

Access to information is sometimes easy. The FBI and the IRS are often credit bureau customers. Anyone with a "legitimate business transaction" (landlords, insurers, employers, creditors, etc.) can see the records even if he wants to make other uses of them. Other people, such as private investigators, have been known to see these records for non-business purposes.

Mistakes in credit records are frequent; there are about 200 million charge accounts and 240 million credit cards. The President of Sentry Insurance Company estimates that computer mistakes occur 2–3% of the time. Given 200 million charge accounts, that could be six million mistakes—and that's counting only one charge per account. One day, Sentry mistakenly cancelled 8,000 homeowner and auto policies.

Many people have had battles with computer mistakes about credit. Were yours similar to the following examples?

Leon Sanders, a 40-year-old radio newsman, was forced to move from Shreveport to Dallas to Waco to San Antonio because a credit company mistakenly recorded his car as being repossessed. Because of this false record, his car actually was repossessed in San Antonio. When he sued the dealer, he was fired because the car dealer was a major advertiser at the radio station at which he worked. Moving back to his hometown of Center, Texas, he said, "I'm okay now in Center. People here have known me all my life and they take my word over that of some credit company."

Dun and Bradstreet issued a misleading credit report on a chairman of two companies. When he finally called Dun and Bradstreet, the company began a war on him. (A Dun and Bradstreet memo reads in part, "He really started something.") They circulated rumors, wrote false letters, and devised a phony bankruptcy report on his company that ruined the firm's reputation and its business. He sued and won over $6 million, but his health is bad, his savings are gone, and Dun and Bradstreet is holding the decision up in court.

The files of 3 million people were auctioned off by a bankrupt credit bureau in Boston in 1969.

In 1971, the wife of a Texas professor lost her insurance because of a credit bureau report that she is an alcoholic. She never drinks.

When a credit bureau reported that the house of a Maryland resident was "filthy," the man lost his auto insurance.

An Indiana man sued a credit company for falsely reporting that he had been in prison for a year. Because of it, he lost a job promotion.

An applicant for credit had trouble because of the following report: "... he got an infection in his right foot, causing his Big Toe and Little Toe to swell and peel; these were seen, and they present an infected, swollen appearance." Other people had trouble because of reasons such as, "slothful housekeeping," "poorly groomed," and "defamatory in speaking of insurance companies."

To protect consumers, the Fair Credit Reporting Act (FCRA) was passed in 1971. But its protection was limited and the Federal Trade Commission (FTC) had received many complaints by September of 1972. One major flaw is that the consumer cannot see his or

her own file. A person can have it read to him or have parts read to him. FTC officials say that an individual does not know if the file has been completely or accurately read to him and that "there is often wholesale withholding of information concerning character, reputation or morals." This denies "due process" when a person cannot face his accuser.

Another problem has been access to information, in many areas, it is still relatively easy for non-authorized persons to see credit records. Also, the individual is not informed of the file's existence, or of any investigation carried out about him, or about any other person who wants to see his file. There is no way to update information; there is no way for a person to correct or explain data in his file. Credit bureaus still collect gossip and list arrests even when there was no conviction.

Another major credit problem is discrimination against women—especially married women. Fearing that they will become pregnant and permanently leave the labor force, creditors often refuse credit or refuse to count the wife's income. They sometimes require proof that a woman cannot bear children before granting credit.

Health records

While the FCRA was weak in most areas, it did not cover medical information at all; therefore, all the problems of data-collecting are possible in this single area. Data banks store such information to be used by life, health and accident insurance companies. The *New York Times*, reporting on federal hearings into the matter, stated:

"If you're one of the millions of Americans who has tried to take out life insurance, sought health and accident coverage or applied for consumer credit, selected facts about your background may be lurking in a computer accessible to hundreds of companies. Such data, which has been stored on perhaps 40 million Americans, may even include information about sexual patterns, drinking habits and drug abuse. Moreover, the information may be totally inaccurate or out of date."

One veteran insurance man told a Senate investigation committee last week that at least 40% of such information is "defective and erroneous." Further, John E. Gregg, who was also a former FBI agent, said that under existing federal law the consumer is powerless to find out either if such derogatory medical information exists or even to correct the record if it is inaccurate.

One such company, the Medical Information Bureau (MIB), serves over 700 insurance companies and has files on about 12 million Americans. It gains about 400,000 files a year and answers insurance company questions almost 80,000 times each day. MIB is only one of several similar companies that supplies information to insurers. MIB collects data on drinking and sexual patterns, drug use, hazardous hobbies, psychological states, anxiety or depression, criminal pursuits, etc.

This particular company is not listed in the telephone directory in its hometown. It is only listed as "Joseph C. Wilberding," (MIB's executive director), 35 Mason St., Greenwich, Connecticut.

Bank records

You may also think that your banking records are confidential. As in so many other cases, this is just not so. The FBI and IRS both have easy access to anyone's records. Although the law requires a subpoena, many banks give information upon request. The customer whose records are being secretly searched is rarely informed.

By requirements of the 1970 Bank Secrecy Act, banks must now keep detailed records of all accounts. These records include photographing all checks over $100 and recording of all deposits and withdrawals for at least two years. Information about bank records, obviously, are not limited to you and your family.

Military records

Nor are the members of the military free of their recorded past. Aside from the normal files, each serviceman receives a SPN—"separation program number designator"—upon discharge. It is a special code of 530 items, one of which is placed on the serviceman's discharge papers. Many of the code items are derogatory, and they can even be included with an honorable discharge.

Even though the SPN's were intended for internal use only, the injury occurs through the availability of the code listings to large corporations. Ex-servicemen can be turned down for a job, without knowing why, on the basis of incorrect information or on the arbitrary decision of someone in the military who didn't like the applicant. The codes cover areas such as bedwetting, "marginal producer," "other good and sufficient reasons," "unsuitability-individual evaluation" (meaning the view of a superior), and "early release of Puerto Rican personnel who failed to qualify for training" (possibly referring to language problems).

School records

School children are falling into similar record prisons. In fact, of all record keeping, the school system's is among the most extensive. More and more information has been added to the file until many school records are now more like dossiers covering all aspects of a pupil's life. The average school is likely to keep data (for as long as 50 years) on:

Personal and social behavior; scholastic achievement; test scores; reading record; health, dental, hearing records; personal, anecdotal accounts of behavior; guidance counselor's records—aptitude, personality reports from psychologists, social workers, agencies, courts, police.

There are many areas of possible abuse: easy access by unauthorized persons; students' and parents' being unable to see the records; outdated information being rarely destroyed; unneeded personal information and opinions recorded.

The Russell Sage Foundation surveyed public schools in 1972 found the vast majority of schools in this country still do not have records policies which adequately protect the privacy of students and their parents. New Mexico, fortunately, is in the forefront of states trying to protect students' rights. Any public school student can see his or her record and the State's Board of Education has a policy preventing access to "government investigative agencies." Unfortunately, stated policy is often not followed in other states, at the local level. Evidence from different parts of the country show that local school officials, counselors and teachers often evade or break policies and even the laws regarding school records.

Centralizing records of school data is also underway. The State of Florida stores data on all students in the ninth grade and over in one large computer. Included in the data collected are: Social Security number, grade, health, sex, race, religion, marital status, family background, academic record, extracurricular activities. The states of Iowa and Hawaii are setting up similar systems.

In California, a centralized computer stores juvenile records that may include psychiatric information. According to educational reporter, Diane Divoky, any child six years or older can be declared "pre-delinquent"—that is, in danger of becoming delinquent—and the child's file can be placed in these computers. By state law, such a child is then accountable to the State Youth Authority. Another program, funded for two years instructed kindergarten teachers in ways to identify potential delinquents among five year olds. (The federal government has had similar ideas. The White House proposed that psychological tests be given to all 6- to 8-year-old children in the U.S. The Nixon Administration advocated camps and extensive treatment for those children who were found to be "hardcore." John Ehrlichman sent the proposal to HEW, which rejected the plan).

Also at the federal level, government officials controlling a data bank of information on 300,000 children of migrant farm workers showed insensitivity concerning the privacy of these records which were meant to help in the school placement of the children. The director of California's program said he would allow people identifying themselves as potential employers to see the information, even derogatory parts.

Once the records are collected and computerized, other uses are possible. James Allen, a former U.S. Commissioner of Education, proposed in 1970 a computerized information system "to find everything possible about (each school) child and his background," in order to develop an educational "prescription" for each student.

To make it possible to more easily computerize students through the use of a standard number, a law was passed by Congress in 1972 (P.L. 92-603; Section 137; p. 3607). It stated that "social security numbers will . . . be assigned to all members of appropriate groups or categories of individuals by assigning such numbers . . . *to children of school age at the time of their first enrollment in school.*" (Emphasis added.) It's not mandatory, but this is a major step.

Privacy and the law

In our philosophical tradition of individual freedom, privacy has long been recognized as a basic right. In our past, that right has been fused with property rights both in the Constitution and in common law. This marriage of privacy to the older legal concepts of property worked fairly well in a society which was technologically less complicated and less concerned with information; it provided a solid legal framework for settling disputes and avoided the problems of establishing an independent right to privacy.

So long as surveillance required the presence of a human observer or trespass of an individual's home or business and inspection of his papers and personal effects, no clear distinction between privacy and property rights seemed necessary; but with the advancement in surveillance technology and the creation of large files of personally sensitive information, the property rights approach proved severely limited. In addition to trespass and unlawful searches, common law presently recognizes four other categories of invasion of privacy for which it grants relief, but these areas also have loopholes.

The common law approach nowadays leaves a lot of ground uncovered. First, it fails to provide protection against new, sophisticated spying techniques. For example, the courts ruled that a microphone driven into the wall of an adjoining hotel room was a trespass or unreasonable search, while one merely attached to a wall was not. Second, juries and judges have been hesitant to award substantial damages merely on the grounds of injuries to reputations, but have demanded clear proof of economic loss. Third, the publicity of legal action makes a suit unattractive when the original injury is the disclosure of sensitive information. Finally, there are many situations where common law protections do not apply: (1) a situation where freedom of the press is at issue, as with someone judged to be a public figure; (2) the right of a private citizen to sue a government agency is limited; (3) a citizen, judged to have consented to the dissemination of the information in question, loses his right to legal redress. The question of "implied consent" becomes especially sticky as we shall see later.

Whatever protection the threat of a lawsuit offers the individual against physical surveillance, it offers virtually none against data surveillance. Suits involving intrusion must be directed only against the investigators obtaining information, not those who have merely received it. By the time data has passed into a larger computer network, it may have passed through many hands, been edited and reorganized, and it may be difficult to prove the original source even if the managers of the computer system are completely cooperative.

Finally, there is the question of consent. When has information been given "voluntarily?" A person may willingly fill out a form, take a psychological test, or have a physical examination in order to obtain a job, a loan, or government benefits. While, in a sense, this data is given voluntarily, in reality he may have no alternative. Further, he may not consider or anticipate this confidential information winding up in a computer dossier that will continue to follow him. Of the over 27 billion individual names filed by the federal government, two-thirds were *obtained* by "expressed or implied compulsion." Yet, the disclosure of information obtained "voluntarily" falls outside the protections provided by common law.

We see then that legal action and the threat of legal action provides rather meager protection against physical surveillance and virtually no protection against data surveillance. Yet this is our principal legal safeguard. While court actions to protect privacy serve certain useful purposes, it is neither an adequate nor always appropriate means of guarding basic rights. First, because it is always after the fact, an invasion of privacy cannot be undone; punitive damages can at best discourage future invaders. Yet the awarding of damages is an uncertain proposition, and the injured party faces the long, expensive, and aggravating prospect of a lawsuit in which he must assume the burden of proof. Even if his suit is successful, that is no guarantee that the same misleading information does not continue to survive in files unknown to him.

Some states are taking some steps to better this situation. Massachusetts, for instance, has a law upholding the individual's right to privacy. There is also a review of all state uses of data and one agency has already issued new guidelines. Oklahoma has a law that regulates the reporting procedures of credit companies. New Mexico, Oregon, New Hampshire and Delaware offer some protection of school records. Some states are resisting federal programs in crime fighting and drug rehabilitation because of inadequate federal safeguards. But these are only beginnings.

WHAT DO YOU THINK?

This booklet has tried to illustrate some of the growing dangers in our society. "Invasion of privacy" is becoming a real problem as computerized record keeping, surveillance and other questionable activities confront us. Our Constitutionally guaranteed rights are being threatened; a free and open society, our ideal, is in danger.

Looking at any single area might not create this impression. But, when all the different areas of danger are placed in front of us at the same time, the true size of the threat becomes clearer. We are, all of us, threatened by changes in the world around us. Not just some people or some groups—but the rich and poor; young and old; all religions; all races. Whether it is credit ratings, behavior modification programs, surveillance, government records, prisons or the L.E.A.A., whether we feel the subtlety of the "record prison" or the directness of psychosurgery, "control" is being felt by everyone in very powerful ways. Through behavior modification programs, record prisons and surveillance, we learn to conform. But conforming means being controlled. It is just as clearly a form of control as psychosurgery, prison and drugs. Conformity and control come to mean the same thing.

Professor Perry London, Professor of Psychology at the University of Southern California and a Research Fellow of the National Institute of Mental Health, defines behavior control as "the ability to get someone to do one's bidding." This definition is adequate as far as it goes. Unfortunately, however, it may imply a conspiracy, and the types of behavior control that are developing do not constitute a conspiracy. This does not mean that some people wouldn't like to take control of the society: some of the Watergate incidents—for example, attempts that were made to control our electoral process—clearly show that there are some people who would like to directly control all of us.

But there are many other people who work within narrow limits and who probably don't think like that. Psychosurgeons say they want to treat sickness, not create a technology for social control. Bureaucrats want to be more efficient, and save tax money rather than create record prisons. Corporations want to make money and the product that makes money for them doesn't seem to be that important. Scientists want to create, to help society—not to create instruments to destroy it. As Professor London puts it:

". . . most of the scientists, technicians, teachers, doctors and other specialists in the learned professions have not yet looked upon the tools that they have made or use as parts of a technology for controlling behavior."

Each person, within the limits of what he is doing or wants to do, does not want to create mechanisms for control. Nor do most people seek to control other people's lives. But when the results of the activities of all these individuals are put together, the end product is a dangerous and increasingly efficient technology of behavior control.

In the past, people were controlled, mostly, by forcing them to do what was wanted of them. This is no longer true. Now, there are many other methods to control our moods, thoughts, actions, emotions, and wills: drugs, behavior modification, psychosurgery, electric shocks, hypnosis, electronic bugging and computerized records.

So far, however, we have merely scratched the surface of what will occur in the future. Technological development will make our present state of technology of behavior control seem as ancient as the horse and buggy. New drugs, more efficient means of behavior modification, electronic miniaturization, and surgical improvements all will contribute to the future developments. And of course, the computer will continue to improve in its efficiency and scope, thus . . . making it easier all the time to track and predict virtually any kind of mass behavior trend (through better and better data processing methods); this makes it easier, in turn, to forecast, then control, the individuals who make up the mass. (Perry London, Behavior Control, 1969, p. 5)

Shouldn't we begin to think about these consequences before it is too late? This booklet has attempted to raise some questions about some of the controls developing. To illustrate, several areas were chosen:

Record keeping;
Surveillance;
Legal, mood-changing drugs;
Behavior modification programs;
L.E.A.A.;
Violence prediction methods; and
Psychosurgery.

All, or most, of the examples described in this booklet seem to share certain basic assumptions.

1. They view the problem as within the individual, not in society.

2. They tend to justify keeping things as they are.

3. They tend to focus on those parts of the population that are most difficult to control or that are the most dissatisfied with the way things are: ethnic minorities, children, women, the old, social deviants.

4. Their results, unstated and perhaps unknown even to themselves in many cases, are conformity and control.

5. Some of them redefine a behavioral problem of daily life to be a medical problem.

Our children

Clearly, the mechanisms of social control exist. They are developing rapidly and will be increasingly effective. They influence the lives of us all. As an example, look at all the pressures that are developing on our children:

Extensive school records without adequate privacy protections and containing anecdotal, confidential data.

Photo I.D. cards in public high schools.

Social Security numbers in the first grade.

H.E.W. data bank on 300,000 children of migrant farm workers.

Court and arrest records of juveniles are public in many states, including New Mexico.

Juvenile records (in California) are computerized and filed centrally; they include psychiatric histories.

Boy Scouts in Rochester, N.Y. recruited by police to observe and report criminal and suspicious acts.

Police and security agents monitor schools.

"Pre-delinquent" and "pre-prevention" programs in many places; many funded by L.E.A.A.

Behavior modification programs: in public schools, for slow learners, for juvenile delinquents, and to train parents and teachers.

Use of Ritalin for "minimum brain dysfunction."

Urinalysis tests to detect drugs.

Tests to detect future violence in 6-year-olds.

Psychosurgery for hyperactivity, aggression, and emotional instability: some children are as young as 5 or 6, and some are adolescents with criminal records and who are explosive, impulsive, and unpredictable.

Privacy and Behavior Control

Of course, it is not just children who are affected. We are all affected by invasions of privacy. Privacy has been defined and characterized in many different ways:

Privacy is the claim of individuals, groups, or institutions to determine for themselves when, how and to what extent information about them in communicated to others. . . .

Privacy is the voluntary and temporary withdrawal of a person from the general society through physical or psychological means. either in a state of solitude or small-group intimacy or, when among larger groups, in a condition of anonymity or reserve.—Professor Alan Westin.

The right to be let alone is indeed the beginning of all freedom.—Mr. Justice William O. Douglas.

Many, if not all, of these issues talked about in this booklet can be considered invasions of privacy and threats to our civil liberties. Record-keeping (as presently practiced) and surveillance (L.E.A.A., army, FBI, police, etc.) certainly fall into this category. But so do others. For instance, a Michigan Circuit Court ruled that psychosurgery, because it tried to change behavior rather than cure disease, both violates the right of privacy by intruding upon the brain; violates the First Amendment by injuring the person's ability to generate ideas.

Certainly many aspects of legal drug abuse, violence-control methods and behavior modification programs would fall under these same severe criticisms.

An invasion of privacy can threaten our ability to function freely and openly. If our actions are directed or manipulated, an invasion of privacy becomes a method of controlling what a person says, does, and maybe, thinks and feels. When this happens, the

means of invading a person's privacy is also a method or tool to control behavior. Any of these tools is a serious threat in its own right.

But, when all these tools are put together, when they are seen as a group of methods, they become much more threatening than any single one of them. Seen not as individual issues or threats, these tools become, together, a technology of behavior control. And we are all in danger.

The issues described in this report attempt to document this technology. They are invasions of privacy; and they are tools of behavior control. More and more, we are being recorded, punched on a computer card, watched, drugged, studied for violence, operated on, punished or rewarded, photographed, and policed. The tools that threaten our democracy and freedom are being developed and increasingly put to use. What do you think about it?

* * * * *

"Fundamental to our way of life is the belief that when information which properly belongs to the public is systematically withheld by those in power, the people soon become ignorant of their own affairs, distrustful of those who manage them, and—eventually—incapable of determining their own destinies."—President Nixon, 1972.

* * * * *

RECORDS THAT MAY HAVE BEEN COLLECTED ABOUT YOU

Adoption, airline flight records, arrest, bank accounts, bank loan, birth, car registration, census, church records, consumer credit, conviction record, customs, divorce, draft status record, driver's license and record, drug prescriptions, employment, F.B.I., fingerprints, food stamps, general health, gun registration, ham radio registration, hotel/motel, hospital, immigration, insurance, job application, library card, marriage, military, Medicare, mortgage, newspaper morgue files, passport, pet registration, police, pilot registration political activity, political party, prison term, private investigators' records, psychiatric, school, security clearance, Social Security, stocks and bonds transactions, subscription mailing lists, tax returns, telephone, university, utilities, voter registration, and welfare.

* * * * *

"The FBI's promiscuous data dissemination practices have injured millions of people," states the executive director of the American Civil Liberties Union. As poor as the FBI's record has been, some local police agencies have been worse. The Police Department of Hobbs, New Mexico and the Sheriff's office of Bernalillo County were two of six agencies that, for a period of time, were cut off from FBI data because of improper use of information.

* * * * *

There was a time when information about an individual tended to be elicited in face-to-face contacts involving personal trust and a certain symmetry, or balance, between giver and receiver. Nowadays an individual must increasingly give information about himself to large and relatively faceless institutions, for handling and use by strangers—unknown, unseen, and all too frequently, unresponsive. Sometimes the individual does not even know that an organization maintain a record about him. Often he does not see it, much less contest its accuracy, control its dissemination, or challenge its use by others.—Records, Computers, and the Rights of Citizens, HEW Report, 1973.

* * * * *

In New Mexico, arrest records of juveniles will be public information. This was not the case before an October, 1973 court ruling based on legislative changes in the children's code. As a result, the effects of "tracking" juveniles for the rest of their lives may be very grave.

* * * * *

In 1971, the New Mexico State Police made 4548 arrests. Of those in which a decision was reached, 41.6% of the arrests resulted in acquittal or release.

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Eric McCrossen of the *Albuquerque Journal* reported about an Albuquerque man, named "Peter," whose naval career is being jeopardized by an arrest record. He was found "not guilty" on a misdemeanor charge. It cost him over $2,000 to prove his innocence. About this matter. Peter says:

"Is the fact that the tab for my innocence is $2,200 versus a probable $250 for a guilty outcome what infuriates me? Not hardly. *Having an arrest record is what really angers me at present.* There is no possible way to rescind this record. *This costly mistake on behalf of our judicial system could jeopardize my future career as a naval officer.* For all practical purposes, a guilty verdict would have had the same drastic outcome except it would have been considerably less expensive. The sweet dream of being innocent until proven guilty has turned out to be a nightmare for me, the nightmare of being guilty after proven innocent." (Emphasis added)

* * * * *

In another New Mexico case, an airman at Holloman Air Force Base was arrested and held, "without probable cause," for armed robbery with a deadly weapon. The day after the arrest, his innocence was clearly established. He went to the District Court of Otero County to get Alamogordo to remove all traces of his arrest—"mug shots," fingerprints, arrest records, index cards, and others. We quote, at length, the "complaint for Declaratory Judgment" that was presented to the court because its message is very important.

Plaintiff's photographs are maintained and used by the City (Alamogordo) as "mug shots" by way of demonstration to persons complaining of crimes committed against them by persons unknown who may or may not fit the Plaintiff's physical characteristics, including his race. Further, the Plaintiff believes that the Defendant City, through the Department of Public Safety, has or may in the future, *forwarded the same materials to the Federal Bureau of Investigation* or other Federal or State agencies or disseminate them or furnish information from them as public records to provide information to individuals or agencies, both public and/or private . . . The retention of the memorabilia by the city in its files . . . serves no lawful or legitimate function of the Defendant City or the agencies to which it may have been or may be forwarded. *It violates the Plaintiff's constitutional and lawful right to privacy.* It, of necessity, *will have a deleterious effect upon his future with the United States Air Force and with any agency that would require of him in the future a security clearance because of matters of national security. It could and would lead to harrassment and inequal treatment of him in the future as a result of any report made by any credit reporting agency to any user of such data considering applications for credit or insurance, by its mere presence.* The mere presence of such a record would work as a serious impediment to this Plaintiff and as a basis of unlawful and unconstitutional discrimination in Plaintiff's future search for occupation and those things to which he would otherwise be entitled . . . (This) constitute(s) punishment or penalty of the Plaintiff without due process of law." (Emphasis added.)

MORE EXAMPLES

American Airlines computers as of 1968 give information on its passengers to 10–15 investigators (government and private) each day. The data includes time of flight, hotel and car reservations, seat number, and the entire passenger list.

The Assistant Secretary of Commerce for Economic Affairs considered it "bad psychology" to advise people that their responses to a form were voluntary.

Of the 27,270,000,000 names in federal files, over 18 billion of them were "data obtained under express or implied compulsion."

In Crystal Lake and Carpentersville, Illinois, cable TV is being installed that can survey 180,000 houses in 30 seconds to find out which program is being watched in each house. Individual sets can be turned on and off from the central headquarters. With this method, a clear picture of the political views of the cable TV owner can be obtained.

Social scientists proposed to bug each room in each apartment of a federally sponsored low-rent housing project and feed all words recorded into a computer that would develop a personality profile of low-income citizens to compare to Americans who have "made it."

The State Civil Service Department of New York began a code to identify all its employees by race and ethnic origin. When it began, there was no public announcement and the employees did not know about it.

Psychiatric records obviously contain highly sensitive and confidential information about an individual, whether undergoing private therapy or in an institution. A lawyer who worked in a state mental hospital stated that:

Government agencies routinely release and exchange psychiatric records of less prominent citizens. Government and police investigators generally feel little compunction about rummaging through psychiatric records . . . (F)ormer mental patients are permanently branded. Their psychiatric histories follow them about relentlessly and often ruin their lives.

A Senate subcommittee found that federal investigators have access to 279,000,000 of the psychiatric reports.

A machine whose use is increasing rapidly and potentially involving many "average citizens" at some point in their lives, is the polygraph or "lie detector".

Although polygraphs are normally thought to be used only in criminal investigations, they are more and more frequently being used by private business and industry—primarily for screening job applicants. According to Robert J. Ferguson, Jr., a leading polygrapher, more than 500,000 polygraph tests were conducted in 1968 for pre-employment purposes. Potential employers thus enter into people's minds as a price for getting a job.

There are many problems with so-called "lie detectors," aside from a primary one, namely, that they represent an invasion of privacy. They measure physiological reactions which occur for a variety of reasons. They cannot accurately measure whether or not a person is lying. Thus the machine can be "beaten," fooled, or misintrepreted. And so can the operators, who, for the most part are poorly trained.

Even though the method has such serious flaws, a new machine has been developed that measures changes in psychological stress in a person's voice without his even knowing that the test is going on.

Foreign governments have also made use of data. Hitler used a questionnaire, called a "fragebogen," in the towns and villages that aided him in centralizing data on each and every citizen. He didn't use computers, either. In South Africa, each citizen must register with the government, receive a classification

according to race, and carry identification cards.

ECONOMIC ORDER AND THE FUTURE

Mr. NELSON. Mr. President, we are all getting asked whether the energy crisis is real. Our mail, our office visitors, and our trips home all reflect a concern how we got into the crisis. The people want to know, "What the facts are."

On Thursday, March 14, 1974, at a symposium on economic order and the future sponsored by the University of Delaware my senior colleague (Mr. PROXMIRE) gave a very thoughtful speech that answers these questions with facts. Senator PROXMIRE not only lists some of the causes for the energy crisis but he details some practical solutions.

Mr. President, I urge every Senator to read this document and ask unanimous consent that the text of the speech Senator PROXMIRE delivered on March 14, 1974, be printed in the RECORD.

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

ENERGY 1974: AN ECONOMIC NIGHTMARE

Now to get to the subject of the evening, the energy quandary of 1974 which I think we can properly call an "economic nightmare".

Let's first consider how we got into this remarkable situation and what we can do about it. One very serious problem that must be faced and recognized is that many Americans and particularly those who are most deeply involved in and concerned with the oil industry feel deeply that the oil industry is the archetype of the American free system. It is capitalism at its vigorous best. In many ways, of course, oil does represent a smashing success.

The oil industry provides half the energy needs of our country. It does seem to have all of the elements classically identified with capitalism. There is big risk involved, particularly in the exploration process, enormous amounts of capital are required probably more than in almost any industry to provide for the exploration, production, transportation by pipeline and tanker, refining, distribution.

It is an industry characterized by technological expertise, and change. And above all it has the romantic and exciting Rockefeller saga in which the nation's richest family, the quintessence of the establishment, the Rockefellers achieved fabulous wealth—a combination of brilliant judgment, a shrewd application of business principles and a remarkable degree of absolute ruthlessness successfully persisted in for many years—gave big oil supremacy. Today the seven sisters, that is the seven big oil corporations, that are the biggest of the majors are among the twenty biggest corporations in the nation. They truly dominate the industry.

And the first distinguishing element of this industry today is that it is highly concentrated. It is true there are tens of thousands of companies in the business but the top twenty oil producers control 70 percent of the crude oil produced domestically. And the top four firms alone produce 31 percent of the crude oil.

A recent Federal Trade Commission study shows that the top 20 firms account for 86 percent of the nation's refinery capacity, 79 percent of its gas sales. And the basic power is even greater since the top companies have a full 94 percent of domestic crude proven reserves.

GENERAL DEPENDENCE ON OIL

The oil industry is not only an immensely rich, highly concentrated industry with a romantic legend going for it, but it produces a product which is essential for our economy and our society.

If anything features the American society today it is its mobility. We are free to travel whenever, wherever we wish almost as far as we wish and, of course, oil is the key to the transportation of goods and people.

As the principal source of energy, the oil is also essential for the production of our varied and enormous manufacturing enterprises.

And the astonishing production of food in this country which not only feeds America abundantly but provides a large part of the food for the world is, of course, squarely based on oil for its energy.

Our very living—heating our homes, lighting our homes, energizing our radio and television—all of this is based on the oil industry.

Until very recently, the resources of this nation in oil were so enormous as to be able to feed this national demand for super mobility, for infinite and ever expanding production for the highest standard of living in the world. In recent years that situation has changed and now it has changed dramatically.

NOW A SHORTAGE—OR IS THERE?

With this background it's easy to understand why many Americans simply won't believe it when they are told there is a shortage of oil.

A majority of people in responding to a poll that I sent to my constituents recently indicated that they did not believe there was a shortage. Their view was put to me bluntly by a Wisconsin businessman who told me, "no one can tell me that this country which has so much of everything and has always had so much of everything is running out of oil. I just can't believe it. It's impossible."

Well, the impossible does seem to be the fact.

The problem is that our production, for a number of reasons which I will describe shortly, has diminished every year since 1970 in this country, meanwhile our consumption has continued to increase at breakneck speed. We have been continuing to consume oil at a rate which doubles every ten or twelve years and until late last year that continuing pace was uninterrupted.

As a result imports which we have increasingly relied on in recent years became even more vital since 1970. The amount we could import from Canada, Venezuela and other non-Arab exporting nations is limited. The Arab countries did, indeed, provide residual margin with the embargo imposed last fall. In spite of leakages we did, indeed, and still do have a shortage.

THE ECONOMIC NIGHTMARE

In any event there is no question that we are facing what is an "economic nightmare". I'm sure almost everybody in this audience has sat in one of those long lines to get gasoline on more than one occasion, and believe me the end is nowhere in sight.

So far unemployment caused by the energy shortage has not touched most Americans, but where it has hit it has hit hard, indeed. The auto industry has suffered hundreds of thousands of workers laid off.

The recreation industry throughout the country which depends on tourists who drive up to spend the weekend swimming, fishing, hunting, skiing or just lying in the sun is in serious trouble throughout the country. Bankruptcies are virtually certain even if the embargo ends, unemployment is sure to follow.

The high price of gasoline and fuel oil has already transfered billions of dollars from the consuming public to the oil industry. Many thousands of low income workers simply can't afford it.

Recently I was in rural Wisconsin and met with a number of fuel dealers who told me the sad story of a number of their older customers who lived in large, old houses and had no way of paying the additional $30 to $40 a month required for fuel to heat their homes.

The fuel dealers as small businessmen simply couldn't afford to carry their customers the oil people didn't have the money, welfare couldn't and wouldn't provide it.

And the haunting nightmare goes on and on with truckers who strike to get the gasoline they need to keep their business operating. Their strike is understandable—the lesson of the strike is one which should chill all of us. It is a strike based on violence and intimidation and it worked. Was this a signal to the country that the way a group can get its way in the energy shortage is to resort to violence?

And tonight as we meet here, West Virginia coal miners are still on strike insisting that they want to have gasoline guaranteed in sufficient quantities and with adequate convenience so that they can get to and from work. Their strike is idling thousands of others working in fuel plants, producing some of the very products essential to increase our own production of oil.

And, of course, the economic nightmare of the energy shortage has a broader implication. The sky-rocketing oil prices are reflecting not only in gasoline and heating oil but in everything—in higher food prices, as the transportation and the production of food costs more, higher prices for plastics, clothes, housing and most everything we buy.

Meanwhile the economic nightmare takes on an outrageous equity dimension. While many consumers are suffering, the company profits are going right through the roof.

Nineteen seventy-two, indeed, was not a particularly good year for the oil industry. Nineteen seventy-three was a very good year, indeed, and hold on to your hats because in 1974 the profits are going to go right through the roof—they will be many times what they were in 1973.

In fact, the transfer of income from the American consumer to the oil industry will be the equivalent of 15% surtax on all the Federal income taxes paid by all the people in this country—an immense $16 billion increase in profits in one year, an enrichment which will shatter all records and will only be dwarfed by the more than 10 times greater increase in wealth which the oil companies will enjoy because of the leaping value of their reserves caused by oil prices going out of sight.

Think of that for a minute—oil company profits can be expected to go up in 1974 a mammoth $16 billion because the price of oil has gone up so sharply and so quickly. The reserves of oil which the oil companies of this country have have risen by something like $150 billion and possibly much more than that in this year alone.

I think I can say without question that there has been no such overnight enrichment of any group of Americans in the history of this country and all of it based not on hard work, good judgment risk or even ruthlessness but simply on the catastrophe that has hit the oil consumer with the oil shortage.

HOW DID WE GET INTO THIS MESS?

By government and industry subversion of the free enterprise system. The government has been up to its ears in oil for decades—and all we have to show for it is an oligopolistic industry, fat and ponderous from having gobbled up rich subsidies for years. Here's how it happened.

Prorationing is one of the oldest forms of government intervention in the oil industry.

It is a practice which arose for good reasons from the wasteful way in which oil was produced before World War I. At that time oil producers tapping the same underground reservoir of oil would vie with each other to pump the oil out of the ground as fast as possible. If one outfit didn't get the oil first, another would. The problem with this free-for-all approach to production was that the oil was not being pumped according to efficient engineering principles. Excessive drilling and production of the same oil field prematurely dissipated natural underground pressures with the result that much of the oil could never be recovered.

To combat the waste, the leading oil producing states passed prorationing laws to limit crude production to the maximum efficiency rate (MER). This was a much needed reform.

Unfortunately, this needed conservation measure was soon corrupted by a second kind of prorationing, market demand prorationing. Once the machinery to limit production according to engineering efficiency was set in motion, the forces to tie this limitation to market demand grew overwhelming.

Under market-demand prorationing, the individual state regulatory bodies determined what each state's total would be by adjusting output (production) to expected demand. And the oil companies, of course, had a lot of input into what the expected demand figure would be. Now the problem with this system is that demand cannot be estimated without some assumption about price. The assumption in this case was that prices would be constant rather than decline. As a result, production quotas based on this assumption tended to sustain the price which lay behind the forecast. The original conservation aim of prorationing was perverted into an elaborate system of price fixing. The major oil companies set a high, non-competitive price for crude oil which was then protected by the prorationing states which made sure that no excess oil was produced.

For more than a decade this system protected the supply and price of the vast majority of domestic crude oil from normal market forces.

Everything clicked along nicely until after the Second World War. Foreign oil was no threat to the domestic price structure. As recently as 1948 the U.S. produced 2/3 of the world's crude oil and had almost 1/3 of the world's proven reserves. But times changed. Within 10 years the U.S. was producing only 1/3 of the world's crude oil and possessed 1/9 of the proven reserves. We were no longer the trend-setter in world oil prices. As new oil fields opened abroad, the world price of oil began a downward spiral . . . while prorationing kept domestic prices high.

Once again the spectre of Adam Smith's market raised its head. Because of high American prices and rapidly growing demand, imports tripled between 1948 and 1958.

It didn't take long for the oil industry to realize that American prices couldn't be kept high without protection from much cheaper foreign oil. Once more the industry turned to Washington for help in making sure that the free market wouldn't return. The answer? An oil import quota system to keep inexpensive foreign oil out.

OIL IMPORT QUOTA SYSTEM

The oil import quota system was established 15 years ago (1959) by Executive Order of the President. Congress had nothing to do with this one. You can be sure that the reasons given for this action were of the noblest sort: national security. This bill of goods was sold to the American people (insofar as the American people knew anything about it) on the grounds that domestic oil production was essential to our national security and that the higher prices of American oil resulting from the program would encourage exploration and development of new oil reserves in this country. Now who could argue with that? Only the facts, which are notoriously overlooked in the history of subsidies for the oil companies. The fact is that the only national security gained by the oil quotas was that of the major oil companies who reaped a bonanza in higher prices for crude oil. Profit, not national security, was the real motive for the quotas.

The import quota system limited oil imports for those states east of the Rockies to 12.2% of the estimated domestic production. The five Western states were allowed to import only the estimated difference between demand and domestic supply. Domestic refiners were given import tickets, worth about $1.50 per barrel, the difference between the world crude price and the domestic price.

This system may have been a bit more acceptable if it had worked, if the protection of higher domestic prices had given oil producers enough incentives to look for more oil and thereby contributed something to our national security. But the system didn't work. Here's why:

The production incentive was supposed to come from the $1.50 per barrel revenues from the import tickets. This money was going to be used to look for oil. Now if you want to encourage oil exploration and development through a subsidy, it seems straightforward enough to give the subsidy to those whose business it is to explore and develop. So did the government give the import tickets to the oil producers? No, they were given instead to the oil refiners. This would have been fine if most domestic exploration was done by the integrated major oil companies which could easily shift funds from refining to production. However, nearly 80% of onshore exploratory drilling is done by independent producers who do not own refineries and who received no benefit from the import tickets. This was a little like robbing Peter to pay Paul to rob Peter on his own time.

As a result, the avowed purpose of the quota system—protection of national security by increased domestic production—was completely circumvented. In the long run, the oil import quota system not only failed to improve our national security, it worked to undermine that security. Along with state pro-rationing, the import quotas eliminated the spare productive capacity in this country and severely limited new entries into the refining field. With a strictly limited supply of crude oil, no one was interested in making the huge capital investment needed to build new refineries. During the years the quota system was in effect, no new refineries were built on the East coast and eight closed. Even if the oil embargo were lifted tomorrow, we still wouldn't have the refinery capacity in this country to turn enough crude oil into the products we need. It will be four to five more years before the new refineries now under construction will be in full operation.

TAX SUBSIDIES

You may think that state prorationing and import quotas would have been sufficient protection for the national security and enough of a boon to the oil companies to satisfy nearly everybody. No such luck. Countless other blessings are bestowed on this industry, not the least of which are the tax giveaways.

Those of you who may think unkindly of the Internal Revenue Service this time of year probably have a hard time realizing how painless paying taxes can be. Just to give you a balanced view of things, let's look at how nice it can be for the privileged few.

THE OIL DEPLETION ALLOWANCE

The oil depletion allowance is one of the best known tax favors given to the oil industry. The rationale for this subsidy is again rooted in national security. The argument is that without the depletion allowance, oil companies would not explore for the oil we need to protect ourselves from possible interruptions in our oil supply, such as the Arab embargo.

The oil depletion allowance, along with other subsidies, stimulates the allocation of resources to the discovery and production of crude oil. This is one reason for the tremendous pressure on oil firms to integrate backwards in order to get the benefit of the favorable tax provision.

And it's a darn good benefit at that. The depletion allowance permits crude oil producers to subtract 22 percent of their total production revenues from gross income, so long as this amount does not exceed 50 percent of net pretax income. Think how nice it would be if you were earning $10,000 a year and could act as though 2200 of those dollars didn't exist for tax purposes!

One of the main reasons the depletion allowance failed to encourage exploration for more oil was the prorationing system. Within ten years after the depletion allowance acquired its present form, market-demand prorationing came along and restricted oil production. So obviously, the depletion allowance wasn't able to improve national security at that level.

In addition to its failure to encourage production significantly, the oil depletion allowance has had a positively detrimental effect on the nation's refinery capacity. You have to keep in mind that crude oil right out of the ground isn't good for much of anything. It's only when the crude is refined into products like gasoline and heating oil that a useful commodity is made available. To the extent that we have an inadequate refinery capacity in the U.S., we must continue to rely on imported products—and this is precisely the sort of thing the oil depletion allowance was supposed to avoid.

Now you may ask, "Senator, how can a tax subsidy to crude oil producers possibly work to discourage refineries, especially when you'd think all the more of them would be needed to process the additional crude?"

In order to understand the answer, all you have to do is make a simple distinction between fantasy and reality. For our purposes, fantasy may be defined as what is supposed to happen when a subsidy is given to the oil industry. Reality is simply the opposite of that. Now, the fantasy about the oil depletion allowance is that it would protect our national security. Here is how reality works:

The oil depletion allowance encourages the vertically integrated major oil companies to seek high prices for crude oil because a high percentage of the income can be written off for tax purposes. But these higher crude profits result in lower refinery profits since the refineries have to pay more for the crude oil. This presents no problem for a large integrated company which owns both the production facility and the refinery. As a matter of fact, the Federal Trade Commission has estimated that America intergrated companies which produce between 40 percent and 80 percent of their own crude oil can still come out ahead even if they raise crude prices up to a point where refinery profits have been reduced to nothing.

This is great for the integrated firms which can easily absorb losses at one level by making them up and more at another due to the tax benefits. But the system wrecks havoc on independent refiners who have little or no crude oil of their own and must buy it at the high prices encouraged by the depletion allowance. *They* don't have any way to absorb the loss and simply can't operate for little or no profit.

This presents a tremendous barrier to entry at the refinery level. Since the capital costs of entering the refinery business are at least $250 million, very few have been willing to take the investment risk outside the integrated structure of the major com-

panies. Not only did prorationing and import quotas leave them without a guaranteed supply of crude oil, but the oil depletion allowance raised the price of crude to a level incompatible with operating independently from production in many cases. This has left the U.S. with a serious shortage of refinery capacity with little relief in sight for several years.

INTANGIBLE DRILLING EXPENSING

Another of the subsidies to the oil industry is the allowance given for intangible drilling expenses. Due to the nature of producing oil, a major part of investment expenditures *is devoted* to drilling wells and all that goes along with that. Certain of these expenses are known as "intangibles": lease rentals, materials, supplies, repairs, wages, and the like. Although the expenses themselves may be intangible, the tax benefit is not. The oilmen can write off all of these expenses in one year; they don't have to depreciate the expenses over a period of time as is the case for other industries.

This subsidy is also defended on the grounds that it provides an incentive to find more oil. Sound familiar? It is, and so are the results.

The problem with this write-off is that it is not limited to those who actually go out and drill wells in unproven areas. The intangible drilling subsidy applies to both developmental wells and exploratory wells.

Now here's the crunch. The main attractiveness of the intangibles deduction is closely tied to the likelihood of drilling a successful well so that the oil depletion allowance can be taken. You can't use the depletion allowance until you are producing oil. As a result, much of the tax incentive from intangible drilling deductions is channeled into drilling developmental wells on already existing oil pools, not into exploratory wells, the ones that expand our oil resources.

It's the same old story. The subsidy benefits those who already *have* the oil, mostly the major companies. Efforts to limit such subsidies only to the small independents who do most of the exploratory drilling have never gotten very far. A 1967 government study showed that nearly 92 percent of all depletion deductions were taken by companies with assets of over a quarter billion dollars. The smaller companies with assets of under $1 million, the ones who take the greatest risks to find new oil sources, got the benefit of only thirty cents out of every $100 in depletion deductions.

THE FOREIGN TAX CREDIT

There is one more tax credit given to the oil companies which brings the idiocy of this system around full-circle. This is the "golden gimmick" of them all . . . the foreign tax credit.

The "golden gimmick" is a means whereby royalties paid by U.S. oil companies to a foreign government are masked as a tax payment. Instead of deducting these royalties from the oil companies' income as a legitimate business expense, the royalties are treated as taxes paid. The net effect is to greatly reduce American oil companies' tax liabilities at home, to the tune of some $2 to $2.5 billion a year.

National security is the justification claimed for all the other tax "incentives" and the foreign tax credit is no exception. But what possible national security is gained by this gimmick or the foreign oil depletion allowance? Absolutely none. The golden gimmick is a stupid, solf-defeating feature of the tax code which was accomplished simply by a ruling of the Internal Revenue Service. It doesn't contribute one iota to expanding our domestic reserves. What it does do is encourage the oil industry to explore abroad to the detriment of domestic exploration. It subsidizes major international firms with no benefit to the domestic production industry.

The only incentive provided by this subsidy, apart from the incentive to develop abroad, is the incentive for American firms and the Mid-East nations to raise the price of oil. As the price of Mid-East oil goes up, the tax write-offs of American oil firms operating there go up. This is one of the reasons that Mid-East oil is now 40 percent higher than U.S. oil.

One has to look at the tax and subsidy system as a whole in order to fully appreciate the calculated insanity of it all. Supposedly in the name of national security we have enacted tax incentives to explore for domestic sources of oil. Yet the tax incentives work to benefit existing production, not encourage exploration. Next, also in the name of national security, we put an import quota on foreign oil. Again, this did nothing to encourage domestic production and in fact restricted the growth of our domestic refinery capacity. The final absurdity, the foreign tax credit, was also defended on national security grounds: if we don't get the oil some other, perhaps unfriendly government would. Well, some other government got control of the oil fields anyway . . . those same people whose oil your tax money helped pay for all those years! It's enough to give national security a bad name even without the current difficulties the term has to live with. Under this "Drain American First" policy, national security has demanded that the American taxpayer subsidize the development of foreign oil which national security then prevented him from using.

WHAT CAN WE DO ABOUT IT?

1. Eliminate subsidy system

After years of subsidizing the oil industry to protect our national security, we now find ourselves with just the opposite. Fuel prices are soaring, demand is outstripping supply, people are losing their jobs, the economy is suffering, the NATO alliance is crumbling in a mad scramble for oil.

The tax subsidies, prorationing, and import quotas obviously didn't work when they were supposedly needed. There is no believable justification for them now. Yet all of the subsidies I've mentioned except the import quota program are still in existence . . . despite record profits for the major oil companies on both domestic and foreign operations.

It is high time to reintroduce the dynamics of normal market forces into this industry. Yes, this will mean higher prices. Without the subsidies, the oil companies will have to be able to pass through the additional tax costs of doing business to the oil consumer. But that's a far better than even exchange. The gross interferences with the free market that's taken place in the past has only encouraged the wasteful use of a limited resource, while at the same time discouraging the expansion of provable reserves of that resource. In the long run consumers will benefit from higher prices and an end to the tax subsidies. The gains achieved by a more equitable tax burden, better resource allocation and greater industry efficiency will more than compensate for the higher prices.

The transition to the free enterprise system will take time. But we have to begin now.

2. Conservation

The government does have a public service responsibility to continue to do everything possible to encourage energy conservation. We no longer have the luxury of believing that our oil supplies are infinite. Better resource allocation and tough conservation efforts are essential to encourage wise energy use until new sources and technologies are developed. Even though these restrictions on demand are an interference with the free market, they are a temporary and effective way to help in the emergency situation. We must also fight to preserve the great strides that have been made in environmental protection. Our air, land and water have too long been treated as free goods. They no longer are. If we abandon environmental restrictions in an all-out fight for more energy, it will only be at a tremendous social cost . . . a cost which would eventually far outweigh the benefits.

3. Research program

How about a national research program which will make it possible for us to provide the overall energy sources we will need to meet the immense energy demands of the future?

Dr. Milton Friedman, that eminent high priest of free market economics at the University of Chicago, has said that there should be no federal research program, that it should be left entirely to the market and to the oil industry.

I must disagree. I agree with much of what Friedman has argued and I enthusiastically favor the free market but I do think that the research program is too vital to leave to the prospects of free market activities and especially in view of the past record. Even the oil companies recognize that the cost of research into some of these exotic areas will certainly require the kind of capital that only the federal government is capable of putting into it, particularly with the immense risk involved. This means that we must continue federal research, with as much private industry input as possible in developing our oil shale resources. Incidentally, the oil potential from the shale which lies in only three of our western states is greater than all the oil which lies under the sands of the Arab countries in the Middle East. We have more than 500 years of coal in this country. Gasification and liquification of coal so that it can be used for natural gas and for petroleum purposes is another area where federal research is very promising.

Everyday the sun bares down billions of kilowatt hours of energy on this earth. Harnessing that energy is not as remote or as impractical as it might seem. We are making progress in this area and moderate federal investment in research is likely to pay very big dividends.

Under the surface of the earth, there are immense potential resources of heat and pressure that are untapped and unused. There again is a great potential for research to develop. Fusion is even a more remote prospect. In twenty-five or thirty years this could provide a clean, reliable and very inexpensive source of most unlimited energy.

The Senate has passed legislation to provide aggressive, new research activity in all these areas. The Administration would go far more slowly. There is no question, in my view, that the country is well on its way, with its research, to developing a future supply of energy that is likely to give us an immense abundance.

4. Price controls

It is imperative that the government act to ensure that the consumer doesn't bear the full burden of the energy crisis. Although prices will have to rise in the transition to a free market, this mustn't be allowed to happen without phasing out the subsidies concurrently. Many major oil companies have argued for an end to price controls claiming that this alone would constitute a free market. But we cannot end price controls any more abruptly than the tax benefits without throwing a monkey wrench into the already poor economic situation.

The reason there's so much talk about windfall profits for the industry now is that prices are skyrocketing without verifiable cost justification. The trebling of Mid-East oil prices alone does not justify ever increasing domestic prices. These foreign oil prices bear no true relationship to the costs of production. Furthermore, because

of the foreign tax credit, such foreign price hikes have served to even further increase the revenues of the oil companies that produce in the Mid-East. What about the argument that the current price increases on domestic oil are necessary to encourage domestic exploration and development? Well, how much of an increase is enough? That's a question nobody can answer.

Last week the President vetoed the Energy Emergency Act on grounds that its price control provisions for new oil would result in "reduced energy supplies" and that "the oil industry would be unable to sustain its present production." Friends, Will Rogers had a point. Sometimes Politics is "applesauce." The sole basis of the President's position seems to be a philosophic notion that only sky-rocketing prices will stimulate oil production sufficiently. Aside from the fact that there isn't a free market in the oil industry, the President's argument is crucially undermined by two basic realities: Between February of 1973 and February of this year, the average price of domestic crude oil doubled from $3.40 per barrel to $6.95 per barrel. What happened to production? It declined by 200,000 barrels a day. Granted it takes a little time for new production to come on tap. But how high do the prices have to go? The Energy Emergency Act set a ceiling price on new oil at $7.09 per barrel. While this isn't a perfect provision, it would have given us time to get the facts and require the oil companies to justify their price increases by providing actual cost increases. After all, just four months ago when new oil prices ranged from $5.30 to $6 a barrel, the industry's trade journals were saying that these prices were enough to encourage large amounts of new exploration and production in this country.

There isn't one shred of evidence to show that exploration for domestic crude oil in 1974 will be one whit greater at current prices of $10 a barrel for new oil than it would be at a ceiling price of $7.09. Even Mr. William Simon, who is perfectly aware of the real production limitations caused by shortages of drilling rigs, tubular goods and experienced manpower, has said that $7 a barrel will bring forth as much new production "as we can reasonably expect to get."

To emphasize my point again: while a return to free enterprise is vital, we mustn't take a piecemeal approach. We cannot eliminate price controls on oil without simultaneously phasing out the subsidies. The transition will have to be a gradual one over the next several years. Although the veto of the energy bill was a setback, the winds of fortune are in the air again. The House Ways and Means Committee appears ready to counter the President's action by pushing legislation to phase out the oil depletion allowance altogether over a 5 to 7 year period!

5. Restore competition

a. The government must face its obligation to enforce our anti-trust laws to encourage competition in the transition to a free market. This will not be easy, and the history of anti-trust enforcement isn't encouraging. But constructive action can and must be taken. The Senate Commerce Committee is now considering legislation which would give fair access to petroleum pipelines by all members of the oil industry. This would give independent oilmen a fair chance to compete. It may be that refineries will have to be divorced from major oil company control in order to counter the anti-competitive effects of vertical integration.

b. One of the most important incentives to greater competition is to revise the way in which federal lands are leased for oil exploration. The government doesn't even know how much oil it has on its own lands. The basic facts are controlled by the oil companies, an inexcusable circumstance since facts mean knowledge and power. In the past the government has leased these lands to the oil companies by a system known as "bonus bidding". Oil companies submit bids for the right to develop and explore for oil on the lands. Since this requires a tremendous capital outlay, only the largest companies are in a position to participate and often times they join together to make joint bids. A system of royalty bidding is a needed reform. Under this system, bidders would offer the government a share of the future oil recovered from such lands. This would give smaller companies an opportunity to participate in exploration ventures on the federal domain. In the long run, the government is likely to come out ahead as well.

WHOLESALE ALLOCATIONS

Finally, wholesale allocations are vitally needed to protect competitive independent refiners and marketers.

Historically, independent refiners have received less than 5 percent of their crude oil input from their own production facilities. In times of plentiful oil supply, these refiners have been heavily dependent on major oil companies for their crude oil. Despite this reliance on the majors, the independent refiners sold back only 14 percent of their refined product to the majors. The bulk went to the independent markets. This was fine with the majors in the past because most of their profits came at the production level and it was advantageous to push as much through to marketing as possible, even through independent retail outlets.

This situation changed, however, with the advent of the energy crisis. As world oil supplies tightened in 1971, the majors realized a need to streamline their own inefficient marketing system to compensate for declining crude (production) profits. Consequently, since 1972 independent marketers outside the vertically integrated structure of the majors have found themselves being squeezed out of business. In mid-July of last year, integrated and controlled marketers were receiving from 100 percent to 120 percent of their 1972 supply. At the same time, independent retailers were cut back to only 50 percent to 70 percent of their 1972 supply.

The 8 largest major companies have directly supplied only about 1.1 percent of the gasoline sold by independents in the past. The independents secured the rest from smaller majors and independent refiners. However, the 8 largest majors were still able to control how much the independents got by reducing sales and exchanges of crude oil with other majors and independent refiners. As a result, during the shortages of 1973, competitive independent firms were folding left and right while the majors were expanding their control at the retail level.

The purpose of the Emergency Petroleum Allocation Act was to redress this situation through a system of mandatory allocations of both crude and refined products. The Act was implemented by FEO on January 15 of this year.

The major oil companies and the Administration were opposed to allocations from the beginning. The majors cooperated poorly under the voluntary program which preceded the present mandatory system. I'm already getting signals that the majors are undermining the mandatory allocation of refined products by delaying action in filing supply forms and going through legal maneuvers to fight compliance.

Some majors seem to be going all out to fight the crude oil allocation provisions of FEO's regulations. FEO has determined that if crude oil supplies are evenly distributed to all the nation's refineries, then each refinery can utilize 76 percent of its capacity. If a refiner has enough crude oil to operate at greater capacity, then he must sell the excess to a refiner whose capacity is under 76 percent.

Here are the arguments against crude allocation as made by the majors:

1. All refineries are not equally efficient. For example, Gulf claims that its refineries can produce more gasoline from a barrel of crude than the industry average. Gulf can also produce petrochemical feedstocks more efficiently than many refiners. So why sell to a refiner who cannot operate as efficiently?

2. The forced sale price to other refiners discourages maximum search for additional crude oil. Why should any company buy expensive foreign crude oil (over $13/bbl) and be forced to sell it at a weighted average price of all crude oil ($8/bbl)?

3. Conoco says they do not disagree with the intent of the allocation legislation to provide crude supplies to small and independent refiners. But they object to being forced to sell crude to large companies such as Arco, Sohio, Sun and Texaco. They don't want to subsidize these large companies at the expense of their own customers.

4. Imports have fallen from 2.8 million bbl/day to 1.9 million bbl/day. The majors argue that this is because it is simply more profitable to refine crude oil outside the U.S. or that it isn't worth the trouble to import if they have to turn around and sell it to another company.

Other side of the issue:

Crude allocations have been in effect for a relatively short time. There are kinks in the program yet to be worked out.

You also have to keep in mind that the prices paid for imported oil doesn't bear a true relationship to cost. If an international oil company is importing its own oil, the higher price can be internally adjusted to a degree.

Conoco opposes selling crude to other majors, even though they admit that the program is not hurting them financially. They just don't like to subsidize their competition. This argument presupposes a competitive free market which doesn't exist in fact.

The way in which crude oil allocations are being administered present some legitimate problems.

However, these are not sufficient reasons to scrap allocations altogether. The problem is not in the law itself—which aims at protecting competition—but in the regulations that implement the law. If we get rid of the current allocations program, there is little that would stand in the way of major oil companies going back to the practice of cutting off their competition's supply.

The Federal Energy Office is working closely with the Senate Interior Committee to iron out kinks in the program. Hopefully their joint efforts will solve most of the remaining difficulties in the crude allocation program as it affects imports. As an interim measure, wholesale allocations can help keep competition alive, if not well.

SUMMARY AND CONCLUSIONS

No one can say when this "economic nightmare" with the long lines and high prices, the uncertain employment, the general tragic inflationary consequences is going to end.

In the short run we must compromise with the free market difficult as such a compromise may be for many of us. It seems that we will require, in the energy area, price controls and allocations.

In the longer run, the free market must be the way and we should move into the free market as rapidly as possible. The longer run can be very bright, indeed. With the vast possibilities of research, I am confident that energy will one day be even cheaper than it was ten or fifteen years ago.

After all, in the areas where we concentrated our technological efforts in the past thirty years, the results have been far more revolutionary than any of us had imagined.

In the early 1940's President Roosevelt

gave orders for all out technological research into nuclear power. The result was the development of an incredibly destructive force—the atomic bomb and then the hydrogen bomb. The immense possibilities of nuclear energy for peaceful purposes.

In 1961 President Kennedy set the nation's course toward space travel by ordering an all out national dedication to reaching the moon.

Now if twenty years ago anybody had said that man would be walking on the moon within a few years, he would have been given a one way ticket to a mental institution. Today we talk freely about visiting other planets and even going beyond the solar system.

Similarly, with the kind of intellectual and scientific resources which this nation is about to throw into the energy problem, I'm convinced that the future will be bright, indeed.

Let me finally conclude by saying that at no point, under any circumstances, should we make any compromise with the great progress we have made in developing a cleaner environment in order to short cut the way to more energy.

We are going to awaken from this "economic nightmare"—not in a week, or a month or a year, but with patience and determination. We can have a better world.

WALTER HELLER, ARTHUR OKUN, AND PAUL SAMUELSON CALL FOR TAX CUT TO STIMULATE THE ECONOMY

Mr. MONDALE. Mr. President, two very distinguished former Chairmen of the Council of Economic Advisers, Walter Heller and Arthur Okun, urged a tax cut to stimulate the economy and head off a recession in testimony before the Senate Finance Committee this morning.

Nobel Prize-Winning Economist Paul Samuelson has also called for such a tax cut in his column in this week's Newsweek.

Their assessment of the economic outlook and what we ought to do about it differs sharply from that presented to the Finance Committee yesterday by Treasury Secretary Shultz.

This is one of the most important issues now facing Congress. I therefore ask unanimous consent that the prepared statements of Walter Heller and Arthur Okun, along with Paul Samuelson's column, be printed in the RECORD. I hope my colleagues will be able to take the time to review them carefully.

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

[From Newsweek, Mar. 25, 1974]

THE ECONOMIC OUTLOOK

(By Paul A. Samuelson)

Any intelligent person following current economic events might be forgiven if he despairs of making any sense of the situation. There seem to be more contradictions than ever in the developing trends. Let me therefore try to provide a guide to where we seem to stand as the winter of 1974 draws to a close.

Yes, the economic experts were right in saying last spring that the U.S. was then moving into a "growth recession." Since last Easter we shifted down from boom expansion to far below the 4 per cent annual rate of real growth that is the par needed to provide jobs for a growing labor force in a technologically progressive economy. The unemployment rate is on the rise, and by next fall the odds favor its being nearer to 6 per cent than 5½ per cent.

Yes, the experts were right who predicted that 1974 would be a year of "stagflation"—stagnation along with serious inflation. Price increases have been accelerating and spreading. This quarter's rate of inflation is hovering just below the 10 per cent level. And the end is not yet in sight. I have been talking recently with businessmen all over the land. And virtually all tell me they are panting for an upward adjustment in their prices—to compensate them for what they consider a profit-margin squeeze as their raw-material costs have soared. I presume that a survey of trade-union officials would show a similar desire on the part of workers for a "catch-up" in their wages.

Yes, there is an actual "recession" in real output this first quarter of 1974—perhaps at as much as a 4 per cent annual rate of decline. For the second quarter, the bets are about even among the experts on a further decline in output or a leveling off. Little money is being offered on the long-shot bet of a "V bottom" and a sharp upsurge in business.

COLD COMFORTS

No, there is no cogent evidence to support the view that the U.S. is about to plunge into depression. A worldwide depression is primarily a fabrication of free-lance journalists, gold bugs, and financial sensationalists who have had a miserable track record as forecasters in the past.

No, the typical forecasters from banks, industry, universities and governments do not expect the inflation rate to be as bad at the end of 1974 as it is now.

(I don't know quite how to square this with Fed chairman Burns's recent Congressional testimony warning of two-digit inflation of the Latin American type. Perhaps there is something infectious in the job that makes its holder succumb to the temptation that so often seduced former chairman Martin—namely, to issue warnings that go beyond the evidence in order to shake voters and congressmen out of policies deemed to be unsound. But perhaps Burns has cogent evidence and ways of analyzing it that will gradually become available to the public at large.)

UNCERTAINTIES

The foregoing appraisal exhausts the easy side of my current audit. Much harder to answer are the following questions:

Will unemployment peak out at 6 per cent? Will it be stable or falling by the year's end?

Will the upturn in business come soon enough, so that 1974 will not go down in the history books as a "genuine" recession? And will any improvement in the stagflation come soon enough and be significant enough to take pressures off Republican candidates in next November's election?

The jury is still out on these issues. And until they are clarified by the passage of time, legitimate debate about desirable policies can go on. Therefore, I would urge the following cautious programs:

1. Regardless of what happens to the oil boycott and to the continuation of a recession in real incomes and output, personal tax exemptions should be immediately raised. Even in World War II, the exemptions were $500 per head; in view of the inflation since then, $900 or $1,000 would be a fairer exemption than the present $750.

If such a tax cut were to be done, it were well it were done quickly. Now, while unemployment is growing.

2. Now is also the time for monetary policy to ease. It would be folly to try to roll back energy prices or raw-material prices by contriving recession or encouraging a maintained level of unemployment above 5½ per cent. After healthy growth is restored, gradual anti-inflationary pressure will again be in order.

This, I submit, is a sober and cautious program. I believe that it is also a humane one.

STATEMENT BY WALTER W. HELLER

In this period of economic discontent—plagued simultaneously by double-digit inflation and a side-slip into recession—your Committee is understandably perplexed as to the path of fiscal, economic, and social responsibility in taxation. On one hand, you are told that broad-based tax reduction would supply badly needed stimulus for a sagging economy and provide a significant antidote for rising unemployment. On the other, you hear that such action would aggravate an inflation that is already intolerable. You must wonder whether there is any way of fighting recession without paying an unacceptable price in worsened inflation.

Given the likely course of the economy in 1974 and the peculiar nature of our current inflation, I believe that a broad-based tax cut of moderate size—perhaps $6 or $7 billion in income and payroll tax cuts—could help cushion recession and speed recovery with only minor effects on the course of inflation this year.

To support this conclusion, one has to establish the reasonableness of three propositions:

First, that the economy is sliding into recession not because of materials shortages and supply bottlenecks but primarily because of a sag in consumer spending and in home buying, i.e., because of a lack in demand.

Second, that the kind of inflation we have this year—born of food and fuel price explosions, a world-wide upsurge in commodity prices, the one-time pop-up effect of removing price and wage lids, and the cost-push effect of accelerating wages and decelerating production—has a life of its own, one which will lose much of its vigor by the end of the year even if as much as $8 billion of net fiscal stimulus (including some action on expenditures) is pumped into the economy.

That the fiscal 1975 Budget does not already provide such stimulus—a conclusion which is shared, after close inspection of the budget numbers, by the Council of Economic Advisers, the Federal Reserve Bank of St. Louis, the Congressional Research Service of the Library of Congress, The Conference Board in New York—to name nothing but impeccable authortiy.

For the more detailed reasoning and facts that establish the validity of these three propositions, may I respectfully refer the Committee to the attached statement on "Budget Policy for a Soft Economy", which I am to submit to the Senate Appropriations Committee later this morning. I believe it makes a persuasive case that a prompt tax cut would be an *economically* responsible act.

That the kind of tax relief under discussion today—an increase in personal income tax exemptions, preferably buttressed by payroll tax relief for the working poor on the general pattern proposed by Chairman Long in 1972—would be *socially* responsible seems undeniable:

Before 1974 is over, inflation will have eroded the real value of the $750 exemption by more than 20% since it went into effect at the beginning of 1972.

Boosting exemptions on the pattern of either Senator Mondale's or Senator Kennedy's proposals would concentrate the bulk of the tax benefits at the middle and lower end of the income scale where recent inflation, especially in the form of surging food and fuel prices, has exacted a particularly heavy toll. It would help restore some of the badly eroded buying power of workers.

To reach those at the bottom of the income scale calls also for a step-up in social

service programs (see the attached statement to the Appropriations Committee) and relief from payroll taxes for the working poor and near-poor. Payroll tax action toward this end is discussed below.

The social or equity case for tax relief in the form of higher income tax exemptions (and the introduction of payroll tax exemptions) is so strong that it would make sense even if the Congress were to match it with simultaneous tax increases elsewhere in the tax system.

But to give the necessary stimulus to a sagging economy, the proposed tax reductions would presumably *not* be matched by immediate counterbalancing tax increases. Would such action, then, be *fiscally* responsible in the sense of safe-guarding the revenue-raising power of the tax system for the longer run?

To answer this question, one should first be clear on the magnitudes of the cuts in the perspective of total individual income and payroll tax revenues. As calculated by the Brookings staff, revenue costs would be as follows:

Under the Mondale proposal—the $200 optional tax credit—the revenue cost would be $5.9 billion in calendar 1974 and $5.7 billion in 1975.

Senator Kennedy's $100 exemption increase proposal would cost $4 billion in 1974. If an increase to $1400 in the low-income allowance were added to the Kennedy plan, the cost would rise to $4.3 billion.

Stepping the exemption up to $900 per capita in 1975 would increase the cost of the straight exemption increase to $6.3 billion in 1975, or to $6.9 billion if the low-income allowance were raised to $1500.

As to the payroll tax, introducing a "vanishing exemption" in the form of a $1300 deduction and a $750 per capita exemption which would phase out by $1 for every $1 of earnings above the basic allowance (i.e., a family of four would be exempt until their earnings exceeded $4300 and would be fully taxable on earnings above $8600) would involve revenue losses of $3 billion a year if limited to the personal contribution; and $5.6 billion if *both* the personal and the employer contributions were covered in the plan.

Comparing these revenue losses with the expected total yields of income and payroll taxes, one finds the percentage erosion to be quite modest:

Of the expected $129 billion yield of the individual income tax in fiscal 1975, the losses run from about 3% on the $850 exemption plan to just over 5% on the plan combining a $950 exemption with a $1500 low-income allowance.

Of the expected $86 billion of social security payroll taxes in fiscal 1975, the losses would range from 3½% under the modified Long plan covering only the personal contribution to 6½% if employer contributions were also covered.

Another measure—one that could provide some stimulus in the short run without any revenue cost in the long run—would be a modest cutback in over-withholding of income taxes, which now gives rise to refunds of about $24 billion a year. This move is attractive in principle for dealing with the current weakness of consumer demand. But it involves technical complexities and might also run into resistance from taxpayers who use over-withholding as a means of forcing themselves to save.

To protect the integrity of the revenue-raising system in the longer run, Congress could couple its exemption boost with a firm pledge to compensate for the revenue losses by adopting revenue-raising tax reforms to be phased in during 1975 and subsequent years. The necessary funds could be raised by a substantial boost in the minimum tax on preference income plus a phasing out of most of the tax shelters for petroleum as price curbs on oil are progressively relaxed.

In short, the projected program would achieve immediate tax relief to stimulate the economy and aid those hardest hit by inflation and would later restore revenues by measures that would improve the structure of the tax system. That would be fiscal responsibility at its best.

Since the Committee on Finance will have heard and seen ample testimony on the proposal for income tax exemption increases, I should like to add a few thoughts about the proposal for social security payroll tax relief at the bottom of the income scale. Let me put my central concern in the form of a question: What possible justification is there for extracting nearly 6% (5.85%, to be exact) from the miserable pay of people in poverty and near-poverty status—without regard to family size at that—and another 6% from their employers (the bulk of which, it is widely agreed, also comes out of the hides of the wage earners)?

Even if the social security system were a true insurance system, I doubt that the present approach would stand any reasonable test of equity and logic. And as even a casual inspection of the wide disparity between in- and out-payments of the social security system reveals, it's *not* an insurance system in any rigorous meaning of that term. Basically, it is a transfer system whereby today's working population supports today's retired and disabled population. As the Brookings study, *Setting National Priorities, the 1974 Budget*, cogently put it:

"It is misleading to think of payroll taxes as individual contributions destined to be returned to the contributor at a later date; it is far more accurate to think of the social security system as a national pension scheme, whose benefit levels are determined by the national priority accorded to the needs of the retired, the disabled, and survivors and whose costs are paid for by a tax on current earners. Once this point of view is accepted, there is no logical reason why the tax used to support the pension system should impose hardship on the poor."

As to the appropriateness of initiating payroll tax relief in 1974 on the general pattern of the Long plan, one should remind oneself of three vital facts of life about the 1973–74 economic environment, namely,

First, that general inflation, plus payroll tax increases, drained away 4% of the real spendable earnings of workers from January 1973 to January 1974;

Second, that because of the upsurge in food, fuel, and housing prices, today's inflation is eating away a much higher percentage of low incomes than of high incomes;

Third, total demand—and especially consumer demand—has fallen below the U.S. economy's overall capacity to produce, thus making it a relatively safe time to release added funds into the economy.

Given the dangers of a speed-up in the price-wage spiral, 1974 is also a particularly appropriate time to provide tax cuts in the form of payroll tax relief coupled with increased personal income tax exemptions. Nothing hits labor's real take-home pay as visibly and pervasively as payroll taxes and income tax withholding. And nothing would be more clearly recognized as "reparations" for the ravages of roaring food and fuel price inflation than a combination of income and payroll tax relief of the type that I have discussed. What labor gets as tax relief would cut down the pressure for king-sized catch-up wage settlements. This "safety valve effect" could be significant in taking some steam out of any new price-wage spiral.

In sum, combined income and payroll relief could help redress the grievances of inflation, improve the structure of the tax system, and help cushion the downturn now and support recovery later.

There will be no lack of fears, real and fancied, brought to bear on this proposal. Some will say that Congress can't get it all together fast enough to cope with the 1974 recession. Others will say that the economy can't stand *any* stimulus without breaking out in a new rash of inflation.

Let me close by expressing my confidence (a) that the Congress can and will act if it sees the need, (b) that both the social and the economic need for action *is* compelling and is *not* going to fade away quickly, and (c) that our $1.3 trillion economy has the capacity to absorb $6 to $8 billion of net fiscal stimulus and put it to good human advantage, with only a minor to minuscule impact on inflation.

BUDGET POLICY FOR A SOFT ECONOMY

(By Walter W. Heller)

Mr. Chairman and Members of the Committee: As the Committee on Appropriations grapples with the awesome implication of a $304 billion budget for the social, economic, and defense needs of the country, it is also making critical decisions affecting the course of the American economy. The total amounts spent relative to the amounts received, as well as the composition of the Budget, will have a lot to do with the strength and health of the U.S. economy, with the duration of the current downturn and the speed of its recovery, and with the outlook for inflation in the longer run.

In setting its overall budget course, the Committee has to judge first of all, whether Mr. Nixon's proposed fiscal 1975 Budget is deflationary or inflationary, whether it will stimulate or restrain a tiring economy, and whether it will help or hinder economic recovery.

On the surface, it has the earmarks of a stimulative budget. But is it really? Does it reverse the swing of the budget pendulum, which went from a clearly expansionary stance in fiscal 1973 to one of economic restraint in fiscal 1974?

A close inspection of the economic import of the Budget numbers by competent outside observers clearly supports Mr. Nixon's statement in his Budget message that "the recommended budget totals continue this policy of fiscal restraint as part of a continuing anti-inflationary program."

It is true that, with spending scheduled to rise by nearly $30 billion, and the deficit to double from $4.7 billion to $9.4 billion, the fiscal 1975 Budget gives the *appearance* of stimulus. But careful study shows (a) that the projected increase in federal spending for FY 1975 is actually *less* than in FY 1974 and (b) that the rise in the deficit is caused by a softening in the economy, not by any letting down of our fiscal guard. These conclusions have the backing of respected authority:

The budget document itself shows that on a full-employment basis, the Nixon budget for FY 1975 would increase the surplus from $4 billion to $8 billion (unified budget basis).

On a national income accounts basis, the Council of Economic Advisers projects the full-employment surplus as holding steady at $6 billion in fiscal 1975.

The St. Louis Federal Reserve Bank, which keeps a running account of the Federal Budget in terms of the national income accounts, projects a full-employment surplus rising from $2 billion in the first half of calendar 1974 to $9 billion in the second half and 12½ billion in the first half of 1975.

The "overview of the Budget" prepared by the Congressional Research Service of the Library of Congress concludes that "Fiscal policy for fiscal 1975 is planned to continue to exercise restraint on the economy."

Michael E. Levy of the Conference Board notes that if one adjusts net budget outlays by adding back in the "proprietary receipts from the public" (like rents and royalties on Continental Shelf lands) the projected gross spending increase for fiscal 1975 is less than the increase for 1974 ($29.5 billion against

$32.1 billion). His own measures show no significant change in the "fiscal thrust" of the Federal Budget between fiscal 1974 and fiscal 1975.

Even allowing for some slippage in the budget process, then, it seems reasonable to conclude that, contrary to surface appearances, the fiscal 1975 Budget offers little or no net stimulus to the economy.

This leads directly to the second question: *Should* the Budget be stimulative under present circumstances? Should adjustments be made in expenditures or taxes in such a way as to cushion the blow of rising unemployment and restore consumer buying power eroded by inflation, especially in the lower income brackets? The answer, it seems to me, is clearly "yes."

One should proceed promptly on both fronts—not massively, but in moderation. Given the reality of the present decline in the economy and taking full account of the unusual nature and likely path of inflation, prompt action to make the Budget moderately more stimulative would represent both economic and fiscal responsibility.

There is rather widespread agreement on the general economic scenario for 1974. Most forecasters, including those in the White House, expect the first half to be plagued by economic downturn and double-digit inflation followed by a second half in which the economy will turn up and inflationary pressures will begin to ease.

As to the nature of our current downturn: one finds that while *supply* shortages generate both headaches and headlines, a closer look reveals unmistakable signs of a shortage of *demand*. Battered by tight money and beleaguered by runaway food and fuel prices, the consumer has pulled in his horns:

For consumers, January was perhaps the cruelest month. While consumer prices were racing upward at a 12% annual rate, personal incomes dropped $4 billion. For nonfarm workers, real spendable earnings were down 4% from a year earlier.

The gasoline shortage has converted an expected decline in auto sales into something akin to disaster. The average drop in overall sales of domestic cars so far this year is between 25% and 30%, but the plunge in demand for standard models is closer to 50%.

On durables other than cars, consumption has been falling in real terms for nearly a year, while consumer spending for non-durables and services has kept only a trifle ahead of inflation.

Residential construction has dropped from a $60 billion rate a year ago to not much more than $45 billion today.

No quick rebound of consumer spending is in sight. Exploding oil prices are still working their way through the economy, soaking up $15 to $20 billion of consumer purchasing power in the process. That's the amount of tribute the American consumer has to pay foreign and domestic producers of oil. In the short run, very little of the buying power thus siphoned off will reappear in the economy either as demand for U.S. exports or as increased dividends and capital spending by the U.S. oil industry.

Even with an end to the Arab embargo, our economy will continue to suffer the paradox of "oil drag"—a cost *in*flation of prices and a tax-like *de*flation of demand. Indeed, with more high-priced foreign oil coming into the country, the number of consumer dollars siphoned away from other purchases will actually rise. Only as the oil producers recycle more of their bonanza into the economy—and later, as oil prices recede—will the oil drag begin to let up.

To slow the slide of the economy toward recession and to speed the process of recovery, then, calls for prompt budget stimulus. But in the face of ferocious inflation, would the appropriations committee and taxing committees of Congress be acting responsibly in launching such stimulus? Won't a lot of the stimulus run off into even more inflation? No one can deny that whenever consumers step up their buying, sellers are in a better position to hold or raise prices. But in the present setting, a moderate fiscal stimulus—say $6 to $8 billion of combined tax relief and expenditure increase—would have very little effect on the inflationary forces now at work in our economy:

Taking the economy as a whole, the excess demand of 1973 is a thing of the past. The economy now suffers from deficient demand, and particularly from weak markets for consumer goods and services.

The primary thrust to our recent inflation comes from skyrocketing food and fuel prices which, as Arthur Burns has pointed out, "hardly represent either the basic trend in prices or the response of prices to previous monetary or fiscal policies." As these pressures begin to burn themselves out later this year, they will leave a legacy of high but less rapidly rising prices.

Inflation today also represents a lagged response to the boom in world commodity prices other than food and fuel. Even after the economy turns the corner, these pressures will also ebb, much as they did after the price explosion that was set off by the Korean boom in 1951.

Another part of today's inflation represents the one-time "pop-up effect" associated with the removal of Phase IV's price and wage controls.

The sharp rise in unit labor costs also plays a role. These costs moved ahead at a 9% annual rate in the last quarter in 1973. They will get worse as wages accelerate and productivity slackens in recession. Once recovery gets underway and demand and output rise, productivity will again increase.

In 1974, in other words, inflation has a life of its own nourished not by excessive demand but primarily by a variety of cost factors that lie beyond the reach of fiscal and monetary management. The great bulk of a prudent budgetary stimulus under these circumstances would express itself not in higher prices but in higher output, more jobs, and increased income. Even with a moderately stimulative fiscal and monetary policy, the rate of inflation should ease to 6% or less by the end of 1974.

Against this economic background, one can consider the components of a program of fiscal stimulus in the range of $6 to $8 billion. It would be reasonable to let the following objectives serve as guides in composition of the program:

To generate jobs that will quickly take a significant number of people off of the unemployment rolls.

To take some of the sting out of unemployment for those who remain on the rolls.

To compensate wage earners for the loss in real earnings they have suffered in the past year—and thereby to ease some of the mounting pressures for king-sized wage settlements.

To provide special relief for the poor and near-poor whose living standards have suffered most from the run-up of prices of food, fuel, and shelter.

Action that might be taken in the area of tax relief centers on the income and payroll taxes. I have covered these possibilities in some detail in my statement today before the Senate Finance Committee. A copy of that statement is appended for the information of the Committee on Appropriations. In brief, I examined the following:

An adjustment in the social security payroll burden, especially to shield the working poor. This would cost about $3 billion.

An increase in income tax exemptions, either in the form of the flat $100 increase proposed by Senator Kennedy (which would cost about $3 billion) or in the form of a conversion of the exemption into an optional $200 credit as Senator Mondale has proposed (which would cost about $6 billion).

The adjustment of over-withholding—which now gives rise to refunds of about $24 billion a year—to effect a one-time cutback in federal income tax collection—a move that is very attractive in principle for dealing with our current recession, but which involves technical complexities and might also run into resistance from taxpayers who use over-withholding as a means of forcing themselves to save.

To preserve the longer-run revenue-raising power of the tax system it would be important to accompany income and payroll tax cuts with a pledge to recoup the revenues in due course by such moves as (1) a removal of oil tax preferences which are indefensible in the face of huge price increases enjoyed by the oil industry; (2) a major increase in the minimum income tax; and (3) the tightening or closing of other tax escape hatches.

Since it can be quickly translated into reduced withholding and larger paychecks, tax relief probably offers the best opportunities for quick anti-recession action. But significant contributions can also be made from the expenditures side. Indeed, in several areas, increased budget expenditures can zero in on the unemployment problems of a soft economy with greater precision than tax cuts.

The direct provision of jobs through more generous funding of the public service employment program (under Title II of the Comprehensive Employment and Training Act of 1973) would be a particularly effective measure. The President has requested only $250 million in his fiscal 1974 Budget and $350 million in his 1975 Budget for this purpose—to be spent in areas where unemployment exceeds 6½%.

The 6½% unemployment threshold is unduly high, and the amounts requested by the White House for the program are unduly low. Reducing the threshold to 6% of even 5½% and boosting the budgeted amount to at least $1 billion for the next twelve months would yield an excellent payoff at relatively low cost:

There is nothing better one can do for the jobless than to give them a job—that's precisely what this program does.

In matching jobless people with jobs that need doing at the state and especially the local level, the program provides needed services for the public.

It contributes some welcome insulation against recession and support for recovery.

Some concern has been expressed that by the time the program gets into full swing, much of the need for it may have passed. But the 1970–71 experience has shown that it can be activated rather quickly. Given that backlog of experience, together with the 1973 legislation, one should move even faster in 1974–75. One should also bear in mind that unemployment—which is likely to rise to 6% or so by summer—will hang high even after economic recovery starts. Real growth at an annual rate of over 4% will have to be sustained for some time before the private economy generates enough job opportunities to bring unemployment down to tolerable levels. So there is little or no risk that even a sizeable public service employment program will overstay its economic welcome.

Other programs already before the Congress also offer the kind of job support the economy badly needs:

The balance of the manpower training and employment programs, budgeted at about $3 billion each for fiscal years 1974 and 1975, should be funded as promptly and generously as possible.

New budget authority for social programs—for health, education, and housing—is programmed to drop by $2 billion be-

tween fiscal 1974 and 1975. Especially in housing, it seems that a period of economic softness, unacceptably high unemployment, and painful erosion of the real buying power of low income groups would be a time to step up, not squeeze down, federal efforts.

Action to raise the level and extend the duration of unemployment insurance benefits is overdue. The President's April 1973 proposals, supplemented by his 1974 request for extension of benefits for areas experiencing "particularly high levels of unemployment over the next twelve months" should be speedily enacted—indeed, they are not generous enough under present circumstances.

A rather different set of spending possibilities should also be explored. I recall that in the recession of 1960–61, President Kennedy asked us to survey the possibilities for speeding up useful expenditures across the whole range of federal programs. Even after weeding out those that represented ingenious but unsound attempts by the agencies to feed at the recession trough, a respectable list of useful and quick job-creating opportunities was generated.

Maintenance work on national forest and park roads and facilities is one example. Today, one would surely add maintenance and repair work on Amtrak facilities and the roadbeds of railroads slated to go into the new national rail corporation. Past experience suggests that large public works undertakings are not promising candidates for this list, but even here, such oranizations as the Associated General Contractors of America believe they can demonstrate untapped opportunities for speedy action. Although the sum total would not be huge, spending speed-ups—like the public employment program—can efficiently combine job creation with the provision of badly needed public services.

Although it may be presumptuous to specify a particular menu from this smorgasbord of possibilities, it is irresistible to try. A broad but balanced quick-action program of fiscal stimulus of $8 billion or so might be selected from the following elements:

Perhaps $2 to $3 billion of quick added spending on more generous unemployment compensation and public service employment and other government service programs with a high job-creating content.

A boost in the income tax exemption providing about $4 billion in tax relief focused especially on the middle and lower-middle income groups, thus helping to restore some of the blue collar workers' eroded buying power.

Social security payroll tax relief for the working poor and near-poor of the type proposed by Senator Russell Long, at a cost of about $3 billion.

Two final observations are in order:

Since the foregoing program adds up to more than $8 billion—and since the Congress might wish to do even more for the blue collar worker and especially the working poor—an immediate increase in the tax libilities of the oil industry beyond the $3 billion proposed by the President could provide the needed offsetting revenues to keep the net loss near or below the $8 billion mark.

In the light of the $15 to $20 billion of demand-absorption by exploding petroleum prices, one might wonder why the fiscal stimulus should be held to only $8 billion or so. The answer is two-fold. First, one hopes that the $15 to $20 billion will shrink as oil prices recede and as some oil monies reappear in the economy. Second, given the existing economic uncertainty, one should take the prudent course and allow a considerable margin for error.

STATEMENT OF ARTHUR M. OKUN, SENIOR FELLOW, THE BROOKINGS INSTITUTION*

Economic activity is sagging in the United States today: Industrial production has declined during the past three consecutive months; unemployment has risen by 650,000 persons since October; and real GNP is declining sharply this quarter. In large measure, the economic setback reflects the oil embargo and the ensuing escalation of petroleum prices. The economy was slowing down last summer and autumn in response to fiscal and monetary restraints that were applied to halt the earlier hyperactive boom. If not for the energy crisis, I believe the slowdown would have been limited and appropriate in scope and magnitude. But after colliding with the oil embargo, the welcome slowdown turned into an unwelcome tailspin.

Federal allocation policies prevented the oil shortage from having major disruptive effects on industry and headed off the wave of store, plant, and office closings that seemed to emerge on the horizon. The shortage was confined largely to consumer use and particularly to the gas tank of the family car. As a result, the petroleum shortage has affected the economy primarily by weakening the demand for products related to gasoline—most notably automobiles and vacation activities. The collapse of new car sales is just beginning to spread to other industries that supply products to Detroit. These prospective damaging secondary effects are one negative element in the economic outlook for the months ahead.

A second and much larger negative factor in the outlook is the prospective impact of higher fuel prices on consumer demand for other products. Fuel inflation is taking an enormous toll on the real purchasing power of the American consumer. It now seems likely that, directly and indirectly, the American consumer will spend $20 billion more on petroleum products in 1974 than in 1973 (and will get less product). History tells us that the consumer responds to such increases in the cost of essential items by tightening his belt generally, and cutting his consumption of a wide variety of discretionary items ranging from movie tickets to television sets. It takes time for such adjustments to be made, and they are not visible now. But the fuel price drain is an inevitable depressive influence that will increasingly hold down production in consumer industries across the economy during the year ahead. The higher payments to countries that ship oil to the United States and the higher payments to the domestic oil industry are the equivalent of a huge tax on the consumer, and they will force cutbacks in other areas of consumer spending.

Moreover, the incomes earned from higher petroleum prices will not flow into the spending stream to create jobs or output in the United States during the foreseeable future. Only a small portion of the increased revenues of the domestic industry will be reflected in increased investment this year; at this point, the industry is probably ready to invest all it can given managerial and physical limitations on the speed with which capital spending can be geared up. The nations that ship oil to the United States will ultimately spend some of their increased revenues on U.S. products; but that too will take a considerable period of time. In the interim, that money will be a net drain out of the U.S. spending stream.

This diagnosis points to a clear prescription for providing additional fiscal support to the U.S. economy, particularly to alleviate the pinch on consumer purchasing power. At a minimum, such support will help to ensure the beginnings of a recovery by the end of 1974. I see virtually no risk of such a strong self-generating upsurge that additional fiscal support would be risky and inappropriate. At a maximum, such a measure might prevent a prolonged and sharp slide in employment and output.

A well-timed, broad-based cut in consumer taxes would be the best way to provide the fiscal support. In gauging the appropriate magnitude of such a measure, I am assuming that the expenditure side of the budget for fiscal year 1975 may turn out slightly above the administration proposal, but not by a significant margin. I see some opportunities that Congress may choose to pursue in adding to jobs programs, housing programs, and strengthening the unemployment compensation system. But only a small volume of such expenditures could be geared up adequately to provide antirecessionary protection in the near-term when it is needed. On the other hand, I see some likelihood that Congress may trim the administration requests for military expenditures. Given that assumption, I conclude that a tax cut of about $6 billion (annual rates) would be large enough to be constructive and small enough to avoid excessive fiscal stimulus under any plausible economic scenario.

THE INFLATION ISSUE

I am recommending anti-recessionary supportive measures only after the most careful consideration of their possible impact on the serious problem of inflation. I feel particularly confident today that the response of the economy to a tax cut will increase output and employment rather than add to inflation. A tax cut in 1974 will not even reduce unemployment from current levels; it can and will limit the deterioration in economic activity that is bound to occur in the months ahead. It supplies a landing net for a recessionary economy— not a launching pad for a boom.

When the tax bolsters consumer demand, the economy will have ample labor and plant capacity to meet and greet that spending. While a number of shortage areas linger on today, those other than food and fuel will continue to vanish during the first half of 1974 as rapidly as they emerged during the first half of 1973. The economy's operating rates will be significantly lower by mid-year than they were late in 1972, when lumber was the only significant area of shortage. Since only a trivial part of additional consumer income is funneled into the demand for food, a tax cut will have virtually no effect on food prices. In the case of petroleum, price controls should insure that any increment in demand is not converted into additional inflation.

More unemployment is *not* what this country needs to stop inflation. Labor markets were not tight last year and they are becoming regrettably easier. Wages have not accelerated and have not contributed to the upsurge in inflation. To maintain the fiscal policy of 1973 in 1974 is to prescribe the same medicine for a case of the chills that was appropriate for a fever. It is expensive and ineffective medicine. The difference between 6½ percent and 5½ percent unemployment rates at yearend could cost $40 billion in our rate of GNP without reducing the rate of wage-increase by as much as 0.1 percent. Indeed, I would argue that, by evidencing the concern and effort of the government to alleviate the acute cost-of-living squeeze on the worker, a tax cut may have beneficial effects in preserving the recent moderate behavior of wages.

In short, a supportive tax cut that offsets only part of the "tax" collected by the petro-

* The views expressed are my own and not necessarily those of the officers, trustees, or other staff members of the Brookings Institution.

leum-producing countries is not going to exacerbate the inflation problem. My sense of the urgent need to reverse the present inflation leads to proposals for a rollback of petroleum prices and for regulations to ensure adequate domestic supplies of farm products. These are surely lesser evils (with greater anti-inflationary benefits) than letting the whole economy go through the wringer.

SPECIFIC TAX CUTS

Three proposals would fill the tax bill, as I see it:

1. Reduce social insurance taxes on employees and the self-employed, making up for that loss of receipts to the social insurance funds out of general revenues. That could amount to a reduction across the board in payroll taxes of nearly one percentage point. Alternatively, it could be structured to graduate the payroll tax, giving the greatest proportionate relief at the low end of the wage scale.

2. Incorporate into the income tax law the option of a $200 credit in lieu of the present $750 personal exemption that is deductible in calculating taxable income.

3. Raise the present personal exemption from $750 to $900 per person.

The economic impact of all these options would be highly desirable and roughly equivalent. The tax cut stemming from any would flow immediately into consumer take-home pay through our withholding system. Indeed, any one would provide an occasion for restructuring withholding rates to reduce the current large volume of over-withholding and thus to produce an even larger immediate effect on take-home pay. The widespread small increases in consumer take-home pay resulting from any of the tax cuts would get into the spending stream and help to alleviate the possible retrenchment in consumer living standards that might otherwise take place in response to job layoffs and fuel inflation. The vast bulk of any of these tax cuts would flow to the lower-middle and middle-income consumer who consumes virtually the whole of his income.

Any choice among the measures really has to be based on one's sense of equity about the tax system and one's perception of the feasibility of prompt enactment. As I view the equity issue, easing the burden of the payroll tax would be my top priority. But that requires the use of general revenues for partial financing of the social insurance funds; and that would be a new precedent which the Congress has been reluctant to adopt in the past and might well wish to deliberate at length before accepting now.

The $200 credit option also introduces a new provision into the tax laws, but one that should be much less controversial in principle. There is a paradox in the present provisions that make the personal exemption worth $105 per head to families in the lowest income-tax bracket and $525 per head in the highest. The $200 credit option provides tax relief for families in tax brackets under 26 percent. That covers the vast majority of Americans and, by excluding the remainder, it can offer a significantly larger amount of tax relief to the family at median income than would the straight rise in the personal exemption. I regard that feature as an advantage of the $200 credit option. On the other hand, the personal exemption increase has the advantage of being the simplest type of tax cut. The fact that it provides some relief to every family that pays income taxes may also be viewed as an advantage.

Any one of these three tax measures would be constructive and responsible, representing a combination of good economic policy and good social policy. They deserve prompt consideration and action.

U.S. CAPITOL BUILDINGS SHOULD PROVIDE FACILITIES FOR HANDICAPPED PEOPLE

Mr. RANDOLPH. Mr. President, the Subcommittee on the Handicapped has been working to develop a program to eliminate all architectural barriers in the buildings on Capitol Hill. Our members and staff have been involved in meetings with George M. White, the Architect of the Capitol, and his assistant, Elliott Carroll. As a result of these conferences, Edward Noakes, American Institute of Architects, has been hired as a consultant to the Architect's Office. He has been charged with drawing up a comprehensive plan designed to make the Capitol complex accessible to all citizens.

Indeed, some work has already been started. Last March, Senator STAFFORD, the ranking minority member of the subcommittee, and I, participated with Mr. White in a symbolic groundbreaking for a ramp at the First and C Street entrance of the Dirksen Senate Office Building. This was a first step. Further, the Architect has been eliminating barriers as minor construction projects are undertaken.

Mr. President, a substantial amount of work and planning has been going on over the past year. Last week I received a letter from Mr. White which states in part:

I wish to keep you informed of our plans for implementation of the Report entitled "Architectural Barriers in Buildings and Grounds under the Jurisdiction of the Architect of the Capitol," by Edward Noakes, AIA, Consultant to this office, a preliminary draft of which was submitted last summer.

After detailed analysis and comments by members of my staff, the report is now being corrected by Mr. Noakes for publication in its final form, to be completed by March 15, 1974. Upon receipt of the final report, the portion applicable to each building will be delivered to the respective Superintendent for implementation of those items which can be accomplished with our own forces, without additional appropriations. This portion of the work will concentrate on providing a minimum of one barrier-free entrance, public telephone and two public restrooms per building.

Costs for the remainder of the work are currently being determined by the estimating division of this office preparatory to requesting authorization and funding for design and construction during fiscal year 1976.

It is gratifying to know that the report is completed and that work will be expedited.

Finally, Mr. President, I express appreciation to the members of the Subcommittee on the Handicapped—Senators WILLIAMS, STAFFORD, CRANSTON, PELL, KENNEDY, MONDALE, HATHAWAY, JAVITS, TAFT, SCHWEIKER, and BEALL—for their support of this vital project and their commitment to barrier-free buildings on Capitol Hill.

Additionally, I am grateful for the cooperation of Senators CHURCH, DOLE, and PERCY who are vitally interested in this effort.

I know that I speak for all of us when I say that handicapped citizens have the right to access to any Federal building in this Nation and that the buildings here on the Hill should serve as models for others.

INNER-CITY INVESTMENT CAN BE SUCCESSFUL

Mr. SYMINGTON. Mr. President, probably the most critical need of our cities today is jobs. The concentration of unemployment and underemployment among inner-city residents undermines the capacity of cities to provide and maintain services needed for effective and permanent community development.

Contributing to this situation has been the tendency in recent years for more and more firms to move their facilities to the suburbs in effort to find cheaper land, a better labor market, less crime and a number of other advantages.

A company in St. Louis, however, is proving that an inner-city plant can also be successful. Four years ago, the Brown Shoe Co. opened a million-dollar factory in the Jeff-Vander-Lou area of the city of St. Louis, an area with high unemployment and other urban ills, but also an area where a number of residents had joined together to encourage community pride and job-creating investment in their neighborhood.

The JVL shoe plant is growing steadily and executives of the Brown Group expect it soon to show a profit. The turnover rate is almost cut in half and employment is moving up toward the 400-worker maximum from a start of 50 in January 1970.

Hopefully, the Brown Shoe experience in Jeff-Vander-Lou will encourage other companies to invest in the inner-city.

I ask unanimous consent that a recent St. Louis Globe-Democrat article describing this successful venture be printed in the RECORD.

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

INNER-CITY SHOE FACTORY IS ALIVE AND THRIVING

(By Marsha Canfield)

Skeptics predicted five years ago that the sheer weight of inner-city problems would overwhelm a proposal to build a million-dollar factory in the shadow of deteriorating Pruitt-Igoe.

They were wrong, according to Macler Shepard, W. L. Hadley Griffin and others involved in building and operating the Brown Shoe Co. Jeff-Vander-Lou plant.

Pruitt-Igoe has become a mass of broken glass and twisted metal, a wasteland slated for destruction as a failure.

The two-story JVL plant across Jefferson avenue in North St. Louis is virtually untouched by vandalism. It is adding to its nearly all-black work force. It is increasing production.

And while the plant is not yet showing an economic profit, Griffin, chairman of the board of the Brown Group, Inc., and Shepard, chairman of the neighborhood organization that Jeff-Vander-Lou, Inc., persuaded Brown to build in the city, are certain it will.

There has been success—the personal success of a young man leaving a humdrum job to be trained for supervision responsibility or of a woman whose factory job has meant getting off welfare and keeping her children in school.

The neighborhood has benefited.

"This plant has changed the minds of some other businesses who were going to go to the suburbs. It's hitting at what was killing us—jobs—and providing the opportunity for blacks to enter management," Shepard said.

There have been other spin-off benefits, such as stabilizing the general area and making rehabilitated housing more successful, he said.

Griffin said, "We know that what we're doing makes economic sense. We went into this as a business venture and know that no plant will be profitable for a while."

Creating a core of trained operators who can adjust to the pressure of factory work has been one of the factors, R. W. Shoemaker, president of Brown Shoe Co., said.

Absenteeism and turnover are on the wane. Turnover, once as high as 80 per cent, is below 50 per cent, according to Virgil Zoller, plant manager. "We now have, stable core of trained personnel, and we have operators as competent as in any factory I've been in in 48 years," he said.

The plant opened in January, 1970, with 50 workers selected by Jeff-Vander-Lou and trained by Brown. The first year averaged 360 pairs of shoes a day.

There were 1,512 pairs a day beginning in 1973 and lately the 282 workers have passed the 3,400 mark. The plant can be expanded to 400 workers producing 5,500 pairs a day.

Making a shoe can require as many as 100 steps from cutting leather to the final drying. The plant makes women's casual dress shoes, whip-stitched moccasins and sandals under the brand names of Life Stride, Naturalizer, Air Step, Miss America, Fanfare, Connie and Risque.

Most workers come from the Jeff-Vander-Lou area, which takes its name from its boundaries: Jefferson, Vandeventer and St. Louis avenues.

The neighborhood organization is the personnel office for the plant, interviewing and screening applicants in the JVL station on Bacon street.

The firm tries to bring local people into the personnel selection in all its plants, but the partnership with Jeff-Vander-Lou is unusual.

Jeff-Vander-Lou acted like a miniature chamber of commerce, offering the support businesses, churches and families might in a rural area. Shepard and others approached Brown about building in the ghetto at a time when other companies across the nation were fleeing the central cities.

"We didn't want benevolence. We wanted jobs. We knew we'd never made shoes before, but we knew we sure could be trained to make things," Shepard said.

Griffin said that without the neighborhood group, the plant would not have been built. "We wouldn't have touched it," he said.

"We required several things and one of them was an identifiable and knowledgeable community leadership which would work with us in making a joint decision," he said.

Both share the ultimate goal of making the plant a self-sufficient, black-managed business concern. Shoemaker attributed part of the lag in the plant's success to the policy of training management residents for the top jobs, rather than transferring people from other plants.

The top jobs of plant manager, plant superintendent and assistant superintendent are filled by whites. Two of the nine foremen are white.

Shepard said:

"This is one of the keys—that a company took a giant step by taking a completely inexperienced group and training them for management."

STATEMENT BY SENATOR HOWARD W. CANNON IN RESPONSE TO THE PRESIDENTIAL MESSAGE OF MARCH 8, 1974, ON ELECTION REFORM

Mr. CANNON. Mr. President, on March 8, 1974, the President sent to the Congress a message on campaign reform. The message contained a number of recommendations, nearly all of which have already been enacted into law or have been passed by the Senate and are awaiting further action by the House.

In order to study and compare the White House proposals side by side with existing law and Senate-passed bills and pending bills, I have been awaiting the arrival of legislative proposals from the executive branch, but to date nothing has been submitted.

It is unfortunate, because the omnibus Senate bill, S. 3044, has been on the calendar since February 21—a month ago—and will soon be debated here in the Senate Chamber.

On Friday, March 15, 1974, the distinguished and very articulate senior Senator from Rhode Island, JOHN O. PASTORE, delivered a nationwide radio address—a congressional response to the President's message. Senator PASTORE's comments were printed in the CONGRESSIONAL RECORD of March 19, 1974, at pages 7081 and 7082, and I urge all of my colleagues to read them.

What Senator PASTORE said, in part, is that the Senate has been moving consistently toward the adoption of better and stronger election laws. The Federal Election Campaign Act of 1971 became law on April 7, 1972. That act requires timely, detailed disclosure of all receipts and expenditures by all candidates for Federal office and by all political committees raising or spending more than $1,000 in a calendar year.

The act covers all Federal elections—primary, runoff primary, special and general, and applies to caucuses and conventions.

In his message, the President stressed the need for such added reforms as:

First. A single authorized political committee for each candidate;

Second. Complete disclosure of identities of donors and recipients of campaign contributions;

Third. Limitations on contributions by a single contributor to Presidential and congressional candidates;

Fourth. Prohibitions against the use of cash, loans, and other gifts; and

Fifth. Creation of an independent Federal Election Commission.

Mr. President, I do not know where the advisers to the President have been in the past year or so, or what public information has been available to the President, but I thought it was perfectly clear that the Senate passed a bill, S. 372, last July 30, 1973, by a vote of 82 to 8, which incorporated the following provisions and more:

First. Limitations on contributions by individuals and political committees—not more than $3,000 to any candidate or political committee;

Second. Limitations on expenditures in primary and general elections—10 cents times voting age population in primaries and 15 cents for general elections;

Third. Prohibitions against the use of cash excess of $100 for contributions or expenditures;

Fourth. Requirement for a single central campaign committee for each candidate for election to Senate and House and not more than one such committee in each State for Presidential candidates;

Fifth. A campaign depository for each candidate where all deposits and withdrawals shall be recorded; and

Sixth. An independent Federal Election Commission to oversee the law and with primary civil and criminal and prosecutorial power.

It is obvious that Senate action is months ahead of Presidential recommendations and should be given public credit.

This year, the bill I reported to the Senate on February 21, 1974, S. 3044, again incorporates the provisions of existing law and of the bill, S. 372. Further, S. 3044 recommends public financing of all Federal elections in order to allow any candidate to run for office without relying upon wealthy contributors or special interests.

The Senate, in both S. 372 and S. 3044, would repeal the equal time provisions of section 315 of the Communications Act of 1934; provide for modest tax credits or deductions for political contributions; and use the existing law dollar checkoff as a basic for financing Federal campaigns.

Except for a few suggestions to curb "dirty tricks" or to change the term of office for Federal elective offices—which would be a constitutional amendment—there is no significant point in the Presidential message which has not been considered and rejected by the Senate or incorporated into the existing law or the Senate-passed bill, S. 372.

In short, Mr. President, while the Congress and, to a greater degree, the Senate, has been fulfilling the need to provide meaningful needed election reforms, the executive again has demonstrated its practice of arriving with too little, too late.

BRANCH RAIL LINES IN NEW HAMPSHIRE

Mr. MCINTYRE, Mr. President, the Department of Transportation's first planning study recommended that the Nashua to Hillsboro, N.H., branch line be terminated at Milford, N.H. If this rail service is not continued, the Hopkins Co. and the Monadnock Paper Mills could no longer continue as an economically viable operation.

Both of these businesses gave testimony at the rail hearings in Boston regarding the Department of Transportation preliminary plan. The Monadnock Paper Mills and the E. C. & W. L. Hopkins Co. can best explain the necessity of continuing rail service to this area.

Mr. President, I, therefore ask unani-

mous consent that each of their testimonies be printed in the RECORD.

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

MONADNOCK PAPER MILLS, INC.,
Bennington, N.H., March 6, 1974.

SUBMISSION TO THE INTERSTATE COMMERCE COMMISSION IN CONNECTION WITH EX PARTE No. 293 (SUB No. 1)

First report of the Planning Office in connection with the requirements of the Regional Rail Reorganization Act of 1973. Submission with specific reference to Zone 8 and the branch line from Nashua to Hillsboro.

I am Erving A. LeCain, Treasurer of Monadnock Paper Mills, Inc., of Bennington, New Hampshire, and I appear representing my company. Associated with me in this submission and sharing with me my ten minute time period is William Hopkins, General Manager and Treasurer of E.C. & W.L. Hopkins, Inc., of Greenfield, New Hampshire. Both companies are on the Nashua to Hillsboro branch line and both companies will be vitally affected by the proposal as indicated in the Planning Report—Zone 8—that the branch line be terminated at Milford, New Hampshire. We have combined in this submission the relevant data as to need, rail traffic history, economic impact, etc., as our interests are mutual.

In this brief statement we would like to cover the following aspects of the problem:

1. The need for rail service for both companies and the cost and consequences of its elimination.

2. The economic impact not only on the companies but their employees, the communities and, in fact, the total area.

3. A review of the number of rail cars handled together with the best immediately available estimate of the tonnage handled on this branch line as far as Bennington.

4. Based upon this traffic data for 1973 and the criteria contained in the Department of Transportation report, "Rail Service in the Midwest and Northeast Region—Volume I", particularly the criteria presented in the charts listed as Figure 9 and Figure 10, which delineate the measurement of "financial viability" for local service, it is quite obvious that there must have been insufficient or incorrect data available to the planning group resulting in the suggestion that the line terminate at Milford. When we relate that actual rail traffic to this criteria, it is obvious that the branch line as far as Bennington, N.H., is clearly financially viable and any proposed abandonment is unwarranted.

5. Finally, there is a further substantial question as to the supposed lack of profitability on the branch line, despite outmoded equipment and inadequately maintained roadbed.

As to the critical need for rail service for the two companies, it can be put quite simply. The Hopkins Company, which is an animal feed producer and completely dependent upon bulk shipments of grain, would be forced to close without rail service. The paper mill is extremely dependent upon rail service and this might best be illustrated by a quotation from a study of the New England railroad problems financed by a grant from the New England Regional Commission as follows:

"Shippers differ in their dependence upon rail service. For example, paper related industries have a great dependence upon rail service because they ship and receive large quantities of products that require a relatively low cost freight service."

More specifically, the paper mill would no longer be able to purchase and process some of the bulk commodities now received in hopper cars and used in an automatic bulk handling and process system and would have to return to the use of bagged material with its added cost and inefficiency. Other bulk commodities, especially wood pulp which must come by rail from such distant points as the West Coast and British Columbia, would have to be unloaded and shipped by truck from Milford on. Obviously in order to do this, land would have to be purchased and an unloading dock constructed and additional people hired to rehandle all of the basic bulk commodities used by the mill. Preliminary estimates of the added cost, without enough time to make a detailed study, indicate that the additional capital cost and, more importantly, the additional annual operating costs are such that the paper mill would no longer be economically viable.

Both the Hopkins Company and the paper mill are of vital importance to the communities in which they operate and, with the single exception of a small electronics assembly plant, represent the only industry in either of the two towns. The importance of the companies to the area and to their employees is illustrated by the following table listing the population of the towns, the number of employees, the total payroll and the total sales of each of the two companies.

ECONOMIC IMPACT

	Bennington	Greenfield
Population	675	750
Paper mill and grain mill:		
Number of employees	190	40
Payroll	$2,097,000	$300,000
Annual sales	10,300,000	3,700,000

We seriously question the inability of the Boston & Maine Railroad to earn a profit on this branch line. Before proceeding to a detailed review of the volume of traffic on the branch line as far as Bennington, we would make clear that we have based all of our comparisons on the assumption that the line from Bennington to Hillsboro, amounting to nine miles and under embargo for more than a year, probably cannot be considered a viable portion of the line. To illustrate the fact that both companies have always tried to cooperate with the railroad in meeting their difficult financial problems, the companies agreed to give up a local freight agent quite some time ago when the Boston & Maine Railroad suggested that the elimination of this agent would improve the profitability of the line. Monadnock gave up a limited warehouse operation in Hillsboro when the Boston & Maine put an embargo on this branch line beyond Bennington more than a year ago. They did this without protest, recognizing the justification for the action.

Now to the most important aspect of the report and recommendation as it relates to the actual traffic data. We must assume that either inadequate or incorrect data as to rail cars handled and average weekly tonnage moved must have been used because, based upon the Department of Transportation criteria, the proposed abandonment of this branch line from Milford to Bennington cannot be justified.

Based upon the D.O.T.'s report on Zone 8, we have a total of 723 cars from Nashua to Milford. Our neighbor, the E.C. & W.L. Hopkins Company of Greenfield estimates a net total number of cars for 1973 or 650 (see their separate filing for details) and Monadnock received or originated a total of 490 cars. This represents a total of 1863 cars for a branch line totaling 34 miles from Nashua to Bennington.

Our best estimate indicates that a minimum of 1800 tons per average week was handled on this branch line between Nashua and Bennington and it is recognized that tonnage is a better measurement of importance and income than number of rail cars handled.

In 1970, according to a report covering the Boston & Maine Railroad traffic within the State of New Hampshire which was developed under a grant by the New England Regional Commission, a total of 1626 cars were handled between Nashua and Bennington. The 1973 volume showed an excellent increase and if suitable rail cars had been available, the paper mill was not only willing but anxious to increase its outgoing rail shipments of finished product. We estimate that between the paper mill and the Hopkins grain mill a total of more than one million dollars of rail freight charges were represented by the volume of traffic on this line in 1973.

Attached is a chart showing the rail mileage, the rail cars handled and the tonnage handled for 1973 for the branch line from Nashua to Bennington. Using the criteria illustrated in Figure 9 and Figure 10, the following conclusions are quite clear:

1. When the traffic between Nashua and Bennington is compared to that between Nashua and Milford (the portion of the branch line proposed to be contniued), we find that the weekly tonnage data is notably superior for the branch line to Bennington as compared to the Nashua-Milford section. We also find that in number of cars handled, the line from Nashua to Bennington is at least equal to the Nashua-Milford section. Attached are copies of Figure 9 and Figure 10 charts with the actual traffic data overlaid in red ink.

2. If the Commission requires that the comparison be of the Milford-Bennington section of the line be of the Milford-Bennington section of the line to the Nashua-Milford section, then the conclusions are also favorable. The average weekly tonnage as illustrated on Figure 10 is at least equal and possibly better for the Milford-Bennington section. The cars per mile handled is at least as good as the Nashua-Milford section. This comparison we have also illustrated by the same overlay chart method and we attach herewith.

We have been advised in the past when reviewing this branch line with the Boston & Maine Railroad that it was "marginally profitable". When we consider the handicaps which are the result of deteriorated equipment and roadbed resulting in very substantial speed limits and the fact that traffic on this branch line could have been increased substantially if suitable rail cars had been available when needed, there is no justification whatsoever to assume that a properly maintained branch line with adequate equipment would not be well and profitably supported by the volume of traffic generated from Nashua to Bennington. Monadnock has recently secured a substantial account in the Midwest which, if suitable service can be provided, will increase the outgoing rail volume significantly.

This summer Monadnock Paper Mills, Inc. will complete an investment of $750,000 in a pollution treatment plant in order to meet the abatement requirements of the Federal Government through the Environmental Protection Agency. We cannot see logic or common sense for a process of reasoning that results in one "arm" of the Government insisting on substantial financial outlays in order to stay in business while the proposals of another "arm" of the same Government could result in the business having to close.

Attached to and made a part of this sub-

mission is a letter from the Local of the United Paperworkers International Union representing the employees at Monadnock and a letter from the Selectmen of the Town of Bennington protesting this proposal.

To sum up—both companies protest most strongly that there is no justification for the proposed abandonment of the portion of this line from Milford to Bennington in terms of a viable railroad branch line operation and that this would result in an unnecessary and tremendous economic impact on the area served by this branch line.

BOARD OF SELECTION,
Bennington, N.H., February 28, 1974.

We understand that the first Planning Report under the new Federal Rail Reorganization Act proposes that the branch line serving this community be terminated at Milford. We wish to protest most strongly and associate ourselves with the protest being filed by Monadnock Paper Mills, Inc. related to this subject. The consequence of such an action on the industry which is the major employer and taxpayer in this area would be devastating and, further, we think this action is both unjustified and unnecessary.

Yours truly,
BENNINGTON BOARD OF SELECTMEN.

UNITED PAPERWORKERS INTERNATIONAL UNION,
Bennington, N.H., March 6, 1974.

We wish to add our protest to that being filed by Monadnock Paper Mills, Inc. regarding the proposal by the Department of Transportation that the branch line serving this company be terminated at Milford. The employment, payroll and welfare of our members as well as the community is at stake in this unnecessary and unwarranted proposal.

Sincerely,
SAMUEL ZACHOS,
President.

MONADNOCK PAPER MILLS, INC. AND E. C. & W. L. HOPKINS CO., BENNINGTON, N.H. AND GREENFIELD, N.H., ZONE 8—BRANCH LINE NASHUA TO HILLSBORO

[Per mile data on rail cars and tonnage—Nashua to Bennington, 1973]

Station	Number of miles	Number of cars, 1973	Weekly tonnage	Cars per mile: Station to station	Cars per mile: Nashua to—	DOT criteria: Cars Minimum	DOT criteria: Cars Maximum	DOT criteria: Tonnage Minimum	DOT criteria: Tonnage Maximum
Nashua to Milford	12	723	700	60		33	71	350	700
Miles to Greenfield	15	650	600	43		30	75	400	850
Total from Nashua	27		1,300		51	37	59	550	1,300
Miles to Bennington	7	490	500	70		36	78	250	450
Total from Nashua	34	1,863	1,800		55	38	59	600	1,500
Summary for section proposed for abandonment: Milford to Bennington	22	1,140	1,100	52		36	64	450	1,100

[1] Estimate.

STATEMENT OF E. C. & W. L. HOPKINS, INC.

We are an animal and poultry feed manufacturing business, Standard Classification #2042, situated on the Nashua to Hillsboro, N.H. branch of the Boston & Maine Railroad, 27 miles west of Nashua at Greenfield, N.H. The population of the town is approximately 750.

We employ approximately 40 people with a payroll of $300,000.00 in 1973.

The map of Zone 8, Nashua, N.H., Volume II, Part I, of the Secretary of Transportation's Report, indicates a cut-off of the Nashua to Hillsboro branch at Milford, N.H. This would force our company out of business.

We purchase approximately 32,000 tons of grain and grain products per year, most of which originates in the midwest "breadbasket" area of the country. Rail shipments of this large volume, from distances in the area of 700 to 800 miles, are the only means for us to receive this large tonnage. We have no alternative mode of transportation to receive our raw materials and relocation of our manufacturing plant is economically just not possible. We estimate the added cost to truck from a rail head would be approximately $200,000.00, needing approximately 40 truckloads per week, an impossible alternative.

We believe the Secretary's recommendations, relative to our branch, lacked complete information on the volume of carloads and tons for the Nashua to Hillsboro line for the stations of Greenfield and Bennington. We respectfully request extension of service to Bennington, N.H. in light of the following information.

In 1973 we received approximately 631 carloads and forwarded 195 carloads. Only 10% of the freight in the out-bound carloads was "non-transit" and we, therefore, take credit for 19. Adding these together, we consider the total for Greenfield, N.H. to be 650 carloads. The Monadnock Paper Mills, Inc., located in Bennington, N.H., 34 miles west of Nashua, had approximately 500 carloads per year received and forwarded. The total for Milford, N.H. was 723 carloads. The total for the branch, Nashua to Bennington, is approximately 1,873 carloads, for a distance of 34 miles, which shows 55 carloads per mile, per year. Since this is well above the 34 carloads per mile standard, and as shown on the tracing of Fig. 9 of the Department of Transportation's "Relationship of Rail Line Length and Traffic Volumes Local Service Operation," falls just below the "upper criteria," we believe the branch meets the Secretary's requirements as far as Bennington, N.H., and should be recommended for service.

Because our cars are heavily loaded, use of the net tons per week criteria gives the branch a greater demonstration of meeting the Secretary's requirements, as shown by the use of the tracing of Fig. 10—"Railroad-Motor Carrier Breakeven Analysis for Local Service Line of Varying Length."

	Tons/wk.
Greenfield (transit outbound excluded)	600
Bennington—approximately	500
Milford—approximately	700

Total net tons per week for the branch gives a total of 1800 tons per week, which is well above the "upper criteria" for the 34 miles to Bennington.

If each station must stand alone, then Greenfield, with a total of 650 carloads applied to the 15 miles from Milford, N.H. (the next station) shows 43 carloads per mile, well above the standard of 34. And equally, the station in Bennington, 7 miles distant from Greenfield, with approximately 500 cars, comes to 71 carloads per mile.

The Rail Reorganization Act (PL 93-236) states in section 206 (a) that the goals of the final system plan, which is to result from USRA's consideration of the Secretary's Report and the Interstate Commerce Commission's evaluation thereof, includes for example goal #2, "is the maintenance of rail service to meet the rail transportation needs of the region." As my introduction makes clear, loss of service to Greenfield and Bennington fails to meet this goal as we would have no alternative but to go out of business.

Also, goal #8 in section 206 (a) is the minimization of job losses and economic impact to the area now served by rail. With the closing of our two businesses the impact on the area would be a major disaster as we are the principle employers in our two towns.

We, therefore, respectfully urge the retention of the Hillsboro Branch to Bennington, N.H. with service at that station and Greenfield because:

1. The current traffic meets the criteria based either on carloads or net tons per week.
2. Without these stations, the service to the area is inadeqaute.
3. The economic impact and loss of jobs that would be the result of collapse of our business would be disastrous to the area.

NEW YORK TIMES SUNDAY MAZAZINE: INTELLIGENT ARTICLE ON VITAMINS

Mr. PROXMIRE. Mr. President, one of the alarming events in Washington is the insistence by the Food and Drug Administration that safe vitamins and minerals be called drugs and regulated under the drug laws rather than under the food laws.

There is ample authority now on the books for the FDA to control foods which are either misbranded or mislabeled, or which are toxic. That surely would cover most areas of possible or potential abuse in the sale of vitamins and minerals.

PREJUDICE BY THE FDA

But the FDA is more interested in religion than in science. It takes the view, against a considerable amount of objective and scientific evidence, that vitamins and minerals in amounts greater than the so-called recommended daily allowance are not needed.

But a number of studies on vitamin C indicate that amounts 10 to 20 times the RDA have very beneficial effects and studies by the Department of Health, Education, and Welfare's own National Institutes of Health indicate that large groups of persons—the aged in particular—as well as the poor, pregnant moth-

ers, and others, are deficient in numerous nutrients.

In fact the FDA has said it is a subtle fraud to say that—

Major segments of the population of this country are now suffering from, or are in imminent danger of suffering from, nutritional deficiency.

Yet studies by their own NIH indicates that this is true for large groups of the aged, both poor and well-to-do.

A RIGGED BOOK OF REGULATIONS

On the one hand the FDA has said that vitamins and minerals are "illegal" and "misbranded" if they claim they are effective against any disease. But on the other hand, the FDA would require that the manufacturers and distributors of those same vitamins and minerals prove that they are effective in the prevention of a disease before they could be sold in quantities in excess of 150 percent of the recommended daily allowance. That is an up-side-down requirement. Heads the FDA wins. Tails the manufacturers lose.

The FDA has rigged the regulations.

That is why I and 24 other Senators have sponsored S. 2801 to require that vitamins and minerals continue to be regulated under the food laws and not as drugs, which they are not.

The New York Times article by Michael Halberstam, is a refreshing statement from a very knowledgeable source. The FDA has been two to three decades behind the facts and behind the evidence. There is some chance that this and other articles may finally bring them into the second half of the 20th century.

I ask unanimous consent that the article, "The A, B_{12}, C, D, and E of Vitamins" from the New York Times magazine of Sunday, March 17, 1974, be printed in the RECORD.

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

THE A, B–12, C, D AND E OF VITAMINS

(By Michael Halberstam)

Ah, those were the days, those were the days when we doctors knew all about vitamins, and the people who stuffed themselves with B and C were cranks and food faddists, not Nobel Prize winners; Those were the days, the lovely days, when we could sit round the doctors' dining room and tell about examining some nutty woman who was taking 800 units of vitamin E daily, and not have to worry that some colleague across the table would reply that *he* took 1,600 units and had never felt better. Best of all, in those pre-Pauling days, when some steely-eyed patient fixed us across the consulting-room table and asked if we "believed" in supplemental vitamins, we could look sympathetic-scientific and reel off a bit of vitamin tape from our minds, something to the effect that it wasn't really necessary to supplement a normal diet ("And I'm sure you eat a normal diet . . ."), but that if the patient felt better taking vitamins, there was no harm in them.

We *knew* about vitamins then. We knew what the textbook said, that vitamins were unrelated organic compounds occurring in many foods in small amounts, which were necessary for the normal functioning of the body. We knew that since vitamins could not be synthesized by the body, they had to be provided in food or in tablet form. Some of us even knew that the word vitamin itself came from the first such substance isolated, a member of the "amine" chemical family, necessary for life, "vita."

We knew all about vitamin supplements, too. We remembered the analogy from medical school about pouring extra coffee in a cup that was already filled—supplemental vitamins, added to a standard diet, just sloshed over the brim, so to speak—coming out in the urine in amounts nearly directly proportional to the excessive intake. People took vitamins, we were told, because they did not understand nutrition and because advertising lured them with promises of greater strength and happiness. "We have the richest urine in the world," our medical-school professors told us, and we chuckled cynically.

Nobody's laughing now. For one thing, the Food and Drug Administration has decided that some vitamins *are* dangerous, and has put limitations on the amount of vitamins A and D that can be put in a nonprescription capsule. The F.D.A. regulation, which went into effect in October, has managed to antagonize a wondrously diverse group of Americans, including self-confessed health-food freaks, political radicals, right-wing libertarians, retail pharmacists, and manufacturers.

The F.D.A.'s concern about overdosage with A and D is more than matched by the growing popular belief that we are not getting enough of other vitamins. The most advanced theory is that vitamins, instead of being substances with a necessary but limited role in the body's normal functioning, can actually be therapeutic in certain diseases, particularly when given in enormous dosages ("megavitamins"). Megavitamins are said to be able to cure schizophrenia, prevent the common cold and overcome impotence. Since, next to a cancer cure, these are probably the public's three most common obsessions, it's little wonder that a whole new industry has grown up around megavitamins.

For a health concern to become a health fad, the American public requires documentation. As a nation, we have great faith in science, coupled with skepticism about scientists. They don't know everything, we say. We believe in miracles, but they have to be scientific miracles. We enjoy disputing conventional science, but we like to have some scientists on our side. In the vitamin controversy, Linus Pauling, chemist, molecular biologist and international peacemaker, provided the scientific muscle which moved megavitamins from a cult to a national issue.

Pauling became the guru of the vitamin movement not through any personal research or systematic interest in metabolism, but as the result of a dinner-table conversation. At an awards dinner in 1966, Pauling, then 65, expressed to a biochemist he happened to meet a desire to live another 15 or 20 years. A few weeks later, the biochemist, Irwin Stone, obligingly sent off to Pauling a regimen for daily doses of vitamin C that were 10 times the usually recommended amounts. Pauling and his wife promptly began the regimen, noticed an improved sense of well-being and a decreased number of colds, and began searching around for an explanation of the phenomenon.

Pauling was well aware of the coffee-cup theory of vitamin usage and misusage. He knew that experiments had shown that vitamin C (ascorbic acid) was not synthesized by humans, that it was necessary to cellular metabolism and that its lack eventuated in scurvy. He knew that, for ascorbic acid or any other vitamin, no therapeutic use had ever been found—if you lacked a vitamin, you developed a specific deficiency disease, but taking extra amounts did not affect the body. Pauling knew that in the case of vitamin B–12, as well as C and the others, initial enthusiasm had suggested that there might be therapeutic effects, but, despite the number of people who said they felt better after B–12 injections, no use for it outside of pernicious anemia had ever been proven.

But Pauling had fewer colds when he took massive doses of vitamin C, and when Linus Pauling stops sneezing it's not like the way it is when you and I stop sneezing. Pauling wanted to know why, and, using the chemical phenomenon known as mass action, he constructed a theory to fit his observations. A lot of scientists have criticized Pauling for working backward from observations to theory without any intervening research, but this is the way a lot of great science is done. Of course, it is also the way a lot of bad science is done, but Pauling's own brilliance assured him a hearing. It did not assure him scientific acceptance or even respectability however, since scientists are wary of colleagues who poach on their fields. Pauling had done this successfully once before, when he abruptly switched his interests from physical chemistry to human molecular biology, and had ended by discovering the single amino acid variation which makes sickle-cell hemoglobin differ from normal hemoglobin.

This work was based on years of laboratory experimentation; but Pauling's theory of vitamin C's action was a pure construct. He theorized that, since certain diseases are known to result from inadequate or abnormal enzymes in the body—and since vitamins often act as the nonprotein ("coenzyme") part of these enzymes—by saturating the body with large amounts of the coenzyme, enough active, complete enzyme would be available to overcome the hereditary or acquired defect. Megavitamin therapy, in Pauling's view, is one form of what he calls "orthomolecular medicine," the use of normally occurring bodily substances—as opposed to chemicals derived from plants or synthesis—to treat illness.

Another reason for vitamin C's effectiveness, Pauling has hypothesized, is human biochemical individuality. Too many scientists, he says, tend to think of humans as falling within a narrowly defined biologic "normal," with 5 per cent of the population slightly above or below these values. Following the argument of Roger Williams, a veteran researcher in the vitamin field, Pauling suggests that humans may have widely disparate needs for vitamin C, some requiring a mere 250 milligrams daily (which itself is about 10 times the F.D.A. recommended dose), while others need 40 times more—10 grams daily!

If such biochemical individuality exists for vitamin C—or the other vitamins—it is in itself a unique kind of individuality, for in no other body nutrient or chemical is such disparity found. No matter whether one examines Eskimos or South Sea islanders, their blood sodium, liver enzymes and red-blood-cell membranes have remarkably constant values. The amount of protein required to sustain good nutrition in one person is quite predictable for the next.

Dr. Pauling's scientific enthusiasm for vitamin C does not rest with his judgment of its effect on the common cold. Like an over-educated huckster, he has cited ascorbic acid's value in inactivating viruses and controlling cancer. Vitamin C, he has written, "can improve the health of almost everyone. It may turn out to be the most valuable of all the substances that we can use in our efforts to decrease the amount of human suffering caused by disease." Understatement is not one of Dr. Pauling's problems.

With Linus Pauling doing the downfield blocking, megavitamin therapy was set loose. For the past four years, sales of vitamins have climbed steadily, leaving both physicians and pharmacists slightly bewildered.

"Everyone buys them," says Irving Dalinsky, who is the owner of the Georgetown Pharmacy and a pharmaceutical sage for a cross section of Washington's beautiful people and hippies. "Vitamin C usage has gone out of sight—everyone buys it in 250- or 500-milligram capsules. They use it like an amulet—maybe it will keep away colds. And vitamin E—we used to sell eight bottles a year, now we'll sell eight a week. The young people go for vitamin A—they hear it's good for acne. The older people are interested in E—they hear it's good for circulation and sex. They all go big for the organic vitamins, too." Organic vitamins are those derived from natural, rather than synthetic sources. Chemists say the substances are molecularly identical. Most scientists contend there is no difference between organic and synthetic vitamins—except for the higher cost of the former.

In New York, Dudley Lascoff of the Turtle Bay Chemists on Second Avenue says, "People are very conscious of the strengths. They want high-potency vitamins, the heavy stuff. With vitamin C, 500 milligrams is the biggest seller. Sales have doubled or tripled in the past few years."

Many believers in vitamin C are a far cry from the nutrition faddists who once flocked behind the semiscientists popular on television talk shows. Harry McPherson Jr., a distinguished and healthy Washington, D.C., lawyer, says, "I'm living proof that the stuff works, at least for me. I had two or three colds yearly until I started taking 500 milligrams. Since then, no colds, and I've never felt better." Dr. Patrick Gorman, a university cardiologist also in Washington, recommends vitamin C for his patients and takes it himself. What got him interested in vitamin C? "I read the book, tried the pills, and they worked." Another internist told me, "I developed a sore back, so I went to my orthopedist. He advised heat, rest and vitamin C. I thought he was nuts with the vitamin C, but I decided to give it a chance. It's crazy, but it works. When my back starts acting up, I take C and it goes away like magic. Don't ask me to explain it—I'm embarrassed."

Individual experiences with a drug or vitamin are one thing, scientific evidence another. What has really rocked the medical and scientific establishment is that the few controlled studies done since Pauling proposed his theory tend to support some claims about ascorbic acid's action against colds. When the controlled studies (one group of subjects was given vitamin C, and another group, matched for age, sex, etc., was given a placebo) began to appear, it was not exactly as though a new step had been taken in biochemistry. New enzyme systems are elucidated all the time. What the field trials opened up was a whole new theory of enzyme-vitamin interaction that made no sense in light of what everybody "knew."

First from Canada, then from Ireland, then from a Navajo reservation, came studies indicating that ascorbic acid in megadose vitamins either prevented, or ameliorated, the common cold. In Toronto, Drs. Terence Anderson, D. B. W. Reid and G. H. Beaton gave volunteers 1,000 milligrams of C daily to prevent colds, and 4,000 milligrams to alleviate any cold symptoms as soon as they developed. Those in the vitamin C group had fewer colds than those in the control group, but the difference was not outside the limits of chance. What was statistically significant was the total number of days of disability from all illness and the decrease of systemic cold symptoms—fever, weakness, chills—in subjects taking C. In studies done at a boarding school, C. M. W. Wilson and H. S. Loh of Trinity College in Dublin found that 500 milligrams of vitamin C daily had a protective effect against cold symptoms for boys, but not for girls. Loh and Wilson have suggested that 2,000 milligrams of C daily "should provide resistance to the common cold in about 80 per cent of teen-age children." Like Pauling himself, they advocate stepping up the dose once actual cold symptoms develop. A third research effort, done by Dr. John Coulehan of the United States Public Health Service, indicated that grade-school Navajo children given daily 1,000 or 2,000 milligram doses of ascorbic acid had statistically fewer cold symptoms than schoolmates who were taking placebos. The difference was most marked among older girls, and did not appear to be significant in older boys.

Ireland, Canada, the Southwest—the evidence comes in, Pauling chuckles and denounces the medical establishment which refused to believe his theories, and the establishment, myself included, is back at the old drawing board.

The definitive 1970 edition of Harrison's "Principles of Internal Medicine" states, "There is no justification for the widespread marketing of [vitamins] to families for their purported value in preventing colds or infections." The author of that particular section, George V. Mann, associate professor of medicine at Vanderbilt University, is today a bit more guarded as he talks about possible revisions for the next edition. "I still don't think that megavitamins are the sort of regimen that can be recommended for the general public, but it's possible that they're beneficial. We don't have the evidence yet, and Pauling didn't either—he was just working on a hypothesis. But you can't disregard some of the clinical studies. I'm working on a project which suggests a rationale for extra-high levels of ascorbic acid in some patients—diabetics, for example. There may be impaired cell-membrane transport of vitamin C in some cases, which could necessitate higher blood levels. It's not proven, but it's possible. Even Pauling's hypothesis—anything's possible."

In Toronto, Terence Anderson's group is continuing the studies which indicated benefit from high-dose ascorbic acid. "Frankly, when we began our first study, we intended to lay to rest all the business of the clinical values of megadose vitamin C. I didn't believe a word of Pauling's theory. That's why we had so many subjects in our first experiment—you need large numbers of subjects to prove a negative. So I was more than a little surprised when the results came out. Now we're continuing the study, trying to find the optimal dosage. Some researchers have suggested that up to 6,000 milligram doses of ascorbic acid are indicated to treat actual cold symptoms. Our work so far is preliminary, but it indicates that that much may be necessary."

Does Dr. Anderson take vitamin C himself? "Oh, yes. Not regularly, but when I start to develop cold symptoms. I'm convinced that it helps me, but not every time. By the way, there may be something in vitamin E, too."

Vitamin E! This ubiquitous substance is the Pygmalion of vitamins, ready to be made into anything the food faddists or the nutritionists want it to be. Vitamin E is necessary for human health, yet found in so many different foodstuffs that clinical deficiency almost never exists. It is found in almost all human tissues, but its function within the cell remains obscure—it may be involved with oxygen transport, but no one knows. Vitamin E was discovered when rats, put on a synthetic diet deficient in vegetable oils, turned out to be sterile or to abort early. The infertility could be reversed by adding wheat germ or vegetable oil. The as-yet-unidentified vitamins was named tocopherol, from the Greek meaning to "bring forth in childbirth," and its place in the half-world between science and faddism was thus assured. Who, after all, can fail to be intrigued by a vitamin that scientists themselves have labeled a fertility substance?

"People take it for other reasons, too," says Washington pharmacist Robert Sinker. "They've heard that it's good for the skin and the circulation. But sex—that's a big part of it, too." Nutrition "experts" who appear on radio and TV talk shows have pushed vitamin E as a cure for impotence.

The idea that vitamin E might affect circulatory disease stems from two related developments. It is proven that E deficiency in some animals (especially lambs, cows and rabbits) can harm the heart. These observations were extrapolated to man by some physicians, particularly Drs. Evan and Wilfred Shute of London, Ontario. Using mostly anecdotal material from patients ("I had leg cramps until I started taking . . ."), the Shutes have built up a theory of vitamin E's beneficial effect on the circulation, a theory which has been taken up by the vitamin-buying public.

However, unlike the situation with vitamin C, almost all attempts to prove the value of E in heart and blood-vessel disease have shown it to be worthless. A few controlled studies have suggested that it may help some patients with intermittent claudication—leg cramps caused by poor circulation below the waist. No effect at all has been found in the treatment of the heart pain angina pectoris except by the Shutes themselves.

Although the F.D.A.'s current Recommended Dietary Allowance (R.D.A.) for adults is 15 to 45 units daily, the most commonly bought form of vitamin E contains 400 units, and sales keep going up. And why not—if you heard from a friend, or from a televised "expert," that a pill would improve your sex life, add sparkle to your skin and protect you against air pollution, you'd be less than human not to be ready to feel better once you started taking the pill yourself. In the matter of sex, thinking better is often doing better, and thus the value of vitamin E—or any other substance—is in direct proportion to the patient's belief. The placebo effect may not be so clear-cut in air-pollution experiments, but it certainly has influence in our perception of minor aches, colds and general well-being. It is nice that some people who take large amounts of a vitamin on their own tend to feel better, but it is neither unexpected nor does it amount to scientific evidence.

If vitamins are natural substances, and their value in treating various ills is not proven why can't individuals take what they want and, in effect, be their own consenting, experimental controls? Why should the Government become involved at all, as it did when F.D.A. attempted to limit the amount of vitamins A and D that can be contained in a single pill? These are sensible questions, and are sensibly answered by Dr. Alexander Schmidt, the F.D.A.'s director since last year. "There's no doubt that excessive A and D can be harmful," he says. "That's been known for a long time. With the megadose craze, there's a real danger people may harm themselves. We felt we had to put some restriction on the way A and D were available."

Although "hypervitaminosis" from A and D is rare in adults, most of the scientific establishment endorsed the F.D.A.'s attempt to limit consumption ("attempt," because, although the amount of A and D per capsule has been regulated, there is no limit on the number of capsules that can be bought).

Vitamin D, which prevents rickets and is necessary for the absorption and use of calcium within the body, had a brief vogue in the nineteen-forties as a treatment for various other conditions, including rheumatoid arthritis. This early craze for a kind of megavitamin therapy produced a small epidemic of people suffering from headache, weakness, nausea and the other signs that too much calcium is present in the bloodstream. The epidemic ended when its relationship to excessive vitamin D was realized. Vitamin A can cause similar afflictions along with changes in the skin, hair and tendons, if taken in overly large amounts.

Vitamin C and the B vitamins do not accumulate in tissues as do A and D, and thus toxicity to them has almost never been reported. Many nutritionists and biochemists, however, have expressed concern about the long-term effect of megadose vitamins. For example, some researchers suspect that high dosages of vitamin C can lead to the formation of kidney stones, or increase the tendency toward gout, among those who have a high uric-acid content in their urine, since ascorbic acid may act against the dissolution of uric acid crystals.

Also, using the same kind of anecdotal material so beloved of the vitamin enthusiasts Dr. M. H. Briggs has reported in Lancet, the British medical journal, decreased fertility among a group of patients on high-dose C. In an equally unscientific study, Dr. Harold Cohen of Sylmar, Calif., wrote to the New England Journal of Medicine that, as part of a study of the effect of megadosages of vitamin E on middle-aged men, he and his physician-partner took 800 units daily. Both he and his associate experienced severe fatigue within a week of starting the vitamin. The lassitude disappeared when they stopped the vitamin E, and promptly recurred when they resumed it. Like most of the evidence surrounding megadosage vitamins, this is purely circumstantial, but it suggests that vitamin E may induce the very symptoms that many people take it to prevent.

There is, quite simply, megaignorance in the scientific community about megavitamins. This is probably as it should be, for, with the exception of high-dose vitamins A and D, not enough conditions have been "treated," not enough time has passed, for any genuine researcher to tell you what the long-term effect of 2,000 or 4,000 milligrams of ascorbic acid daily may be. It would be suspicious if the medical community granted an instant endorsement of high-dose vitamins, particularly since older physicians remember fads during the nineteen-twenties and nineteen-thirties, when vitamins B and C were said to cure everything from sterility to depression.

Yet the scientific journals do appear to have been overtaken by events during the current enthusiasm, and physicians have had little reliable information to fall back upon. With the exception of an article reviewing vitamin E's action on the circulatory system, none of the major medical journals have published recent complete reviews of vitamin action and theory. When The New England Journal of Medicine printed Dr. Coulehan's article on the beneficial effect of vitamin C among Navajo children, it forsook its common practice of editorializing on significant articles in that week's issue. I suspect that the journal's distinguished editorial board may have been so puzzled by the article that it just couldn't agree as to what—if anything—the findings meant.

In this context the position of the F.D.A. remains precarious. Its half-hearted attempt to decrease toxicity from A and D, an attempt akin to combating alcoholism by selling whisky only in pints, has brought down the full fury of the health-food and vitamin enthusiasts. Bumper stickers proclaim: "God Gave Us Vitamins—The F.D.A. Wants to Take Them Away." A group of pill-takers and distributors, banded together under the name of the National Health Foundation, has brought suit to reverse the recent F.D.A. regulations, and is lobbying to remove vitamins from F.D.A.'s jurisdiction completely.

The issue comes down to fundamental differences in the way people look at human nature and the function of government. The conservatives, led by columnist James Kilpatrick, have little difficulty in deciding the issue. Using classic libertarian arguments, Kilpatrick has pummeled the F.D.A.'s mild vitamin-mineral regulations as an example of unrestrained Big Brotherism. "Some measure of 'confusion' is vital to a free society," Kilpatrick has written. "Protect us from fraud, I would say to Dr. Schmidt. Protect us from dangerous drugs. But do not use the awesome power of Federal law to protect us from being bewildered. Do not discourage us from being, if it pleases, our own potty little vitamin-popping selves. This is not your business, Doc. It is ours."

The Congress of County Medical Societies, a growing group of physicians who tend to feel that the American Medical Association is a left-wing sellout to the Federal Government, has mobilized its members about what it terms "The F.D.A.'s War Against Vitamins." The A.M.A. itself supports the recent F.D.A. limitations, but the A.M.A. leadership can by no means guarantee the total support of its membership.

The libertarians like Kilpatrick, who feel that the Government's responsibility ends with protecting the public from fraud and from dangerous drugs, are more than matched by the consumerists—or, at least, the "strict protectionists," since a split has appeared in what used to be closed ranks. Led by Dr. Sidney Wolfe of Ralph Nader's Health Research Group, the strict protectionists feel that the F.D.A. hasn't gone nearly far enough in limiting vitamin sales. According to Dr. Wolfe, "The F.D.A. regs say that medicines have to be not only safe, but effective. People are making medical claims for vitamins. It's not like marijuana, which is a civil-liberties issue. No one's making medical claims for grass, but they are for vitamins, and the F.D.A. should step in."

Dr. Wolfe is particularly upset by what he thinks of as defectors from the consumer-protection ranks, the "loose protectionists." Foremost among these is James Turner, whose book "The Chemical Feast" was a bitter, documented attack on the F.D.A. for allowing the use of untested chemicals like food preservatives, flavorings and other additives.

Turner, however, doesn't feel that the F.D.A. needs stricter regulations in the vitamin field, just better ones. "I don't think we should think of, or control, vitamins and other essential nutrients in the same way that we do estrogens added to cattle feed, or nitrates added to salami. I'm all for protecting the consumer, but the consumer has to have freedom, too. I respect Sid Wolfe, but I don't think he gives the consumer enough credit for being able to protect himself. He says the marketplace won't work—I say we just haven't given some consumers enough information. I'd rather do that than place on more restrictions."

Turner has proposed before a House committee a measure which, he hopes, will be compatible with consumer protection, individual freedom and the tortured pages of definitions and regulations under which F.D.A. itself functions. He suggests that an official scientific panel establish a list of "essential nutrients," which would be presumed safe unless there is evidence to the contrary. Turner's legislative proposal has many other features, most of them acceptable to vitamin enthusiasts and food faddists. "I've been accused of consorting with quacks," says Turner, a highly articulate left-oriented lawyer. "I'm really sick of the word 'quack.' Those people out there are genuinely concerned about their nutrition. The F.D.A. says people don't need supplemental vitamins if they eat a balanced diet, but we know that maybe 50 per cent of the population doesn't eat a balanced diet. Why restrict these people's vitamins?"

Turner has found an unexpected pleasure in talking to health-nut groups. "In general, I'm giving speeches to older, more conservative organizations. I point out that the vitamin issue is not only a matter of nutritional and scientific policy, but also of individual freedom. They begin to see that the commitment to individual rights inherent in the freedom to take vitamins within certain limits, also applies to the freedom to protest the Vietnam war."

Nader's group isn't wildly enthusiastic about this kind of consumer education. "The health-food people, the National Health Foundation, are rabid about keeping estrogens out of cattle feed," says Dr. Wolfe. "Then they go ahead and say people should be able to take any amount of vitamins they want, because vitamins are a natural substance. But so are estrogens. They've set up a double standard. Either you believe in the F.D.A. regulations or you don't."

The man responsible for the F.D.A. regulations, Dr. Schmidt, sits in the middle and smiles. Although the vitamin hearings had been going on for years before he took over at the F.D.A. in July, Dr. Schmidt says he has no reservations about his position in the controversy he inherited. "I had a chance to look the regulations over before I signed on," he says, "and I found them eminently reasonable. I only wish we had had a chance to promulgate them more effectively—too many people believe we're going to take away all their vitamins. In fact, the A and D regulations are rational, reasonable and rather puny. But we've been subjected to a deliberate campaign of falsehood that has put us continually on the defensive."

Schmidt resents charges that his agency is paternalistic. "I don't blame people for being worried about us. After all, when you hire people to regulate, tendency is to believe that the more they regulate, the better the job they're doing. But I like to think a real test of an agency is when and where it forgoes regulation. Given the pressures we're subject to from all sides—consumers, nutritionists, manufacturers, lawyers, conservatives, radicals—I'd say we're doing a good job. But we're going to keep making enemies."

Does Dr. Schmidt take supplemental vitamins? "No. I'm interested in the vitamin C studies, but I've lived through too many magic studies in cardiology to believe in magic elsewhere. Just the same, the preliminary studies are interesting and the ascorbic acid claims are certainly worthy of controlled studies. That's what the law requires, anyway. But I'd say that the claim that we're a puny, undernourished race because we don't get enough vitamins doesn't seem to have much validity. Just look around you."

Americans—Western men in general—are bigger and stronger than ever. Yet they still get runny noses, fatigue, depressions and heart attacks. It would be nice to believe that massive doses of vitamins—or anything else—will clear up our skin, and our arteries, like a chemical Roto-Rooter. It may, in fact, be just possible that vitamins can do all these things. A reasonable person may preserve reasonable skepticism. Indeed, as an experiment, I began to take vitamin C myself when I started work on this article, and was promptly rewarded for my initiative with a plague of acne, which disappeared when I stopped taking the vitamin. Probably this was just a coincidence, but it's one I'd just as soon not repeat. My personal experience, however, need not dampen anyone else's ardor in the quest for perfect health and eternal youth. After all, you're just as pretty as you think.

A PILL POPPER'S GUIDE TO VITAMIN SUPPLEMENTS

Vitamin	Identified deficiency state	F.D.A.'s adult recommended daily allowance	Common megadoses	Some claimed (and disputed) megadose benefits
C (ascorbic acid)	Scurvy (abnormal gums, skin, hair, legs)	30 to 90 mg	500 to 4,000 mg	Prevention and treatment of colds antivirus effect.
D	Rickets in children (poor calcification of bones), weakened bones in adults.	200 to 400 units	400 to 10,000 units	General well-being.
E	No identifiable deficiency disease in man	15 to 45 units	100 to 400 units	Hair, circulation, fertility, sexual ability.
A	Night-blindness, dry eyes	2,500 to 5,000 units	5,000 to 10,000 units	Skin, acne, well-being.
Folic acid	Anemia	0.2 to 0.4 mg	1 to 5 mg	Skin, antidepressant.
B-2 (riboflavin)	Dermatitis	0.8 to 2.6 mg		
B-1 (thiamine)	Beri-beri, heart failure nerve irritation	0.75 to 2.25 mg		Antidepression, increased energy.
B-3 (niacin)	Pellagra (dermatitis, sore mouth, mental changes)	10 to 30 mg	1,000 to 3,000 mg	Antidepression, antischizophrenia.
B-6 (pyridozine group)	Anemia, neurologic disease, dermatitis	1 to 3 mg	25 to 50 mg	Improved skin, increased energy.
B-12	Pernicious anemia	3 to 9 mcg	1,000 mcg	Hangover remedy, antifatigue.

THE RATE OF INFLATION

Mr. BROCK. Mr. President, on March 4 I introduced the Economic Stability Act of 1974. In my remarks at that time, I explained the necessity of stabilizing the rate of monetary growth if we are to achieve a noninflationary real economic growth.

Coincidentally, the Wall Street Journal on March 6 published excerpts from a statement by economist Milton Friedman on the same subject which came to a similar conclusion. Mr. President, I ask unanimous consent to have printed in the RECORD that article: "Why Curbing Inflation Is the Fed's Job."

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

WHY CURBING INFLATION IS THE FED'S JOB

The following has been excerpted from a letter of Mr. Friedman, Professor of Economics at the University of Chicago, to Senator William Proxmire, chairman of the Joint Economic Committee of Congress. The complete letter also contains a discussion of technical questions dealing with control of money supply. Mr. Friedman is responding to a letter to Mr. Proxmire from Arthur Burns, which was excerpted on this page on November 26 last year.

On September 17 you asked Dr. Arthur Burns, the chairman of the Board of Governors of the Federal Reserve System, to comment on certain published criticisms of monetary policy. On November 6 the chairman replied on behalf of the System. This reply has been widely publicized by the Federal Reserve System. It was reprinted in the Federal Reserve Bulletin (November 1973) and in at least five of the separate Federal Reserve Bank Reviews.

The reply makes many valid points. Yet, taken as a whole, it evades rather than answers the criticisms. It appears to exonerate the Federal Reserve System from any appreciable responsibility for the current inflation, yet a close reading reveals that it does not do so, and other evidence, to which the reply does not refer, establishes a strong case that the Fed has contributed to inflation.

According to the reply, "*The severe rate of inflation that we have experienced in 1973 cannot responsibly be attributed to monetary management*" (italics added). As written, this sentence is unexceptionable. Delete the word "severe," and the sentence is indefensible.

The reply correctly cites a number of special factors that made the inflation in 1973 more severe than could have been expected from prior monetary growth alone—the world-wide economic boom, ecological impediments to investment, escalating farm prices, energy shortages. These factors may well explain why consumer prices rose by 8% in 1973 (fourth quarter 1972 to fourth quarter 1973) instead of, say 6%. But they do not explain why inflation in 1973 would have been as high as 6% in their absence. They do not explain why consumer prices rose more than 25% in the five years from 1968 to 1973.

The reply recognizes that "the effects of stabilization policies occur gradually over time" and that "it is never safe to rely on just one concept of money." Yet, the reply presents statistical data on the growth of money or income or prices for only 1972 and 1973, and for only one of the three monetary concepts it refers to, namely, M1 (currency plus demand deposits), the one that had the lowest rate of growth. On the basis of the evidence in the reply, there is no way to evaluate the long-term policies of the Fed—or to compare current monetary policy, or one concept of money with another.

From calendar year 1970 to calendar year 1973, M1 grew at the annual rate of 6.9%; in the preceding decade, from 1960 to 1970, at 4.2%. More striking yet, the rate of growth from 1970 to 1973 was higher than for any other three-year period since the end of World War II.

The other monetary concepts tell the same story. From 1970 to 1973, M2 (M1 plus commercial bank time deposits other than large C.D.s) grew at the annual rate of 10.5% from 1960 to 1970, at 6.7%. From 1970 to 1973, M3 (M2 plus deposits at non-bank thrift institutions) grew at the annual rate of 12.0%; from 1960 to 1970, at 7.2%. For both M2 and M3, the rates of growth from 1970 to 1973 are higher than for any other three-year period since World War II.

As the accompanying chart demonstrates, prices show the same pattern as monetary growth except for the Korean war inflation. In the early 1960s, consumer prices rose at a rate of 1% to 2% per year; from 1970 to 1973, at an average rate of 4.6%; currently, they are rising at a rate of not far from 10%. The accelerated rise in the quantity of money has clearly been reflected, after some delay, in a similar accelerated rise in prices.

However limited may be the Fed's ability to control monetary aggregates, from quarter to quarter or even year to year, the monetary acceleration depicted in the chart, which extended over more than a decade, could not have occurred without the Fed's acquiescence—to put it mildly. And however loose may be the year-to-year relation between monetary growth and inflation, the acceleration in the rate of inflation over the past decade could not have occurred without the prior monetary acceleration.

Whatever therefore may be the verdict on the short-run relations to which the reply restricts itself, the Fed's long-run policies have played a major role in producing our present inflation.

There is much evidence on the shorter-term as well as the longer-trem relations. Studies for the United States and many other countries reveal highly consistent patterns. A substantial change in the rate of monetary growth which is sustained for more than a few months tends to be followed some six or nine months later by a change in the same direction in the rate of growth of total dollar spending. To begin with, most of the change in spending is reflected in output and employment. Typically, though not always, it takes another year to 18 months before the change in monetary growth is reflected in prices. On the average, therefore, it takes something like two years for a higher or lower rate of monetary growth to be reflected in a higher or lower rate of inflation.

To avoid misunderstanding, let me stress that this is an average relationship, not a precise relationship that can be expected to hold in exactly the same way in every month or year or even decade. As the reply properly stresses, many factors affect the course of prices other than changes in the quantity of money. Over short periods, they may sometimes be more important. But the Federal Reserve and the Federal Reserves alone has the responsibility for the quantity of money; it does not have the responsibility, and certainly not sole responsibility, for the other factors that affect inflation. And the record is unmistakably clear that, over the past three years taken as a whole, the Federal Reserve System has exercised that responsibility in a way that has exacerbated inflation.

This conclusion holds not only for the three years as a whole but also for each year separately, as Table II shows. The one encouraging feature is the slightly lower rate of growth of M2 and M3 from 1972 to 1973 than in the earlier two years. But the tapering off is mild and it is not clear that it is continuing. More important, even these lower rates are far too high. Steady growth of M2 at 9% or 10% would lead to an inflation of about 6% or 7% per year. To bring inflation down to 3%, let alone to zero, the rate of growth of M2 must be reduced to something like 5% to 7%.

TABLE II.—RECENT MONETARY GROWTH RATES

[Calendar year annual percent rate of growth]

	M1	M2	M3
1970-71	7.0	11.8	12.8
1971-72	6.5	10.2	12.5
1972-73	7.4	9.5	10.6

For more than a decade, monetary growth has been accelerating. It has been higher in the past three years than in any other three-year period since the end of World War II. Inflation has also accelerated over the past decade. It too has been higher in the past three years than in any other three-year period since 1947. Economic theory and empirical evidence combine to establish a strong presumption that the acceleration in monetary growth is largely responsible for the acceleration in inflation. Nothing in the reply of the chairman of the Federal Reserve System to your letter contradicts or even ques-

tions that conclusion. And nothing in that reply denies that the Federal Reserve System had the power to prevent the sharp acceleration in monetary growth.

I recognize, of course, that there are now, and have been in the past, strong political pressures on the Fed to continue rapid monetary growth. Once inflation has proceeded as far as it already has, it will, as the reply says, take some time to eliminate it. Moreover, there is literally no way to end inflation that will not involve a temporary, though perhaps fairly protracted, period of low economic growth and relatively high unemployment. Avoidance of the earlier excessive monetary growth would have had far less costly consequences for the community than cutting monetary growth down to an appropriate level will now have. But the damage has been done. The longer we wait, the harder it will be. And there is no other way to stop inflation.

The only justification for the Fed's vaunted independence is to enable it to take measures that are wise for the long-run even if not popular in the short-run. That is why it is so discouraging to have the reply consist almost entirely of a denial of responsibility for inflation and an attempt to place the blame elsewhere.

If the Fed does not explain to the public the nature of our problem and the costs involved in ending inflation; if it does not take the lead in imposing the temporarily unpopular measure required, who will?

THE WALL STREET JOURNAL ON RELIEVING THE BURDEN OF SECOND-CLASS POSTAL RATES

Mr. KENNEDY. Mr. President, some of the most obvious symptoms of our sick economy are the soaring postal rates now being inflicted on the American public. The 10-cent stamp is bad enough for the average citizens, but few are aware of the even more serious burden that astronomical rate increases are now imposing on what is perhaps the most valuable source of ideas in our free society, the Nation's newspapers and magazines.

Today's Wall Street Journal contains an excellent discussion of this issue by Mr. Stephen Grover. As Mr. Grover notes, publications are taking a number of imaginative steps to try to alleviate the burden, but many believe that the real remedy lies with Congress.

To provide the sort of relief that is urgently needed, Senator BARRY GOLDWATER and I have joined in introducing legislation that is now before the Senate and that will soon be considered by the Committee on Post Office and Civil Service. My hope is that the Senate will be able to act on this measure as soon as possible. Only through prompt action to relieve the burden of rising postal rates can we commute what is, in effect, a death sentence for many of the Nation's most valuable publications.

Mr. President, I ask unanimous consent that the article from the Wall Street Journal may be printed in the RECORD, as well as an article I prepared on the subject for the current issue of Signature magazine.

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

[From the Wall Street Journal, Mar. 20, 1974]

EMBATTLED FOURTH ESTATE: IN THROES OF POSTAGE HIKES, PUBLISHERS SHRINK PRODUCT, HIKE PRICES, CRY DOOM

(By Stephen Grover)

To hear many of the nation's magazine and newspaper publishers talk, the Postal Reorganization Act of 1970 is this generation's equivalent of the pre-Revolutionary War's sugar and stamp acts. "A heavy blow" is how the usually optimistic Reader's Digest magazine referred to the postal act in its January issue, adding that the congressional move "makes our future—and that of many other magazines—uncertain."

"There is no doubt whatever," the Digest's editors continued, "that the rate rise will force a large number of magazines to stop publishing."

Rates, of course, are at the heart of the postal act. Besides setting up the present U.S. Postal Service as a semi-independent body with more autonomy than the old Post Office had ever enjoyed, Congress directed its new creation to see that all classes of mail were made to pay their own way. And as far as second-class mail was concerned, this congressional direction was a radical departure from times past. American tradition, said historian Arthur Schlesinger Jr. in a recent article in this newspaper, has been "in transit second-class mail at cheap rates because the circulation of newspapers and magazines has been deemed essential to the enlightenment of the Republic and to the strengthening of American democracy."

The result of the Postal Reorganization Act will be that postal rates for most publications will be at least 242% higher by 1976 than they were in 1971. The effects of the increases, which are taking place in steps over a five-year period, are already obvious. Such magazines as Esquire, Ladies' Home Journal and Fortune and such newspapers as The Wall Street Journal have trimmed their size as one means of shaving their postal bills. Some periodicals have also started to print on lighter-weight grades of paper, and many publications have raised prices. Some, like the Journal have taken all three steps.

GRIM VIEW

Now, many publications say they can do no more. Prices are about as high as they can go without a drastic loss of readership. Still lighter grades of paper, even if they were avilable, would cost far more than the postal savings that they would effect. And further dimensional shrinkage would in most cases be unfeasible. The upshot: Many publications are taking the same grim view as Reader's Digest and assert that unless postal rates are trimmed, or unless they're spaced out over a 10-year period instead of the current five-year schedule, they will have to fold.

The malaise at the Digest, whose U.S. circulation of 18.4 million makes it the most popular American magazine in existence, is caused by the fact that 90% of its circulation is sent to subscribers via second-class mail; consequently, the publication faces a rise in its second-class postage bill from $7 million this year to $16 million two years hence.

Significant as this magnitude is, the Digest is far from alone. Dow Jones & Co., publisher of The Wall Street Journal, Barron's and The National Observer, expects its second-class postage bill to rise this year alone to $13.7 million, up from $8.7 million last year (the Dow Jones increase is largely accounted for by the Journal, 80% of whose 1.4-million circulation is subscription). Time Inc., whose Time, Fortune, Money and Sports Illustrated magazines all depend heavily on mail delivery, expects its second-class postage bill will rise by $4.5 million this year to $14.4 million. Newsweek magazine expects its second-class postage expenditures to amount to $5.7 million in 1974, a 54% jump over last year—"and that's assuming that the volume of second-class postage remains about the same as it was last year," says Gibson McCabe, president of Newsweek, a Washington Post Co. publication.

NOWHERE TO TURN

Dire as the predicament of these publications may be, certain of their sisters in the field may fare even worse. For example, a number of the nation's smaller technical journals and magazines of opinion, unlike such mass-circulation publications as Time and Newsweek, are almost entirely dependent on revenues from circulation, rather than advertising, and therefore can't turn to increased advertising rates to meet higher postage bills.

One such magazine is The Nation, nearly all of whose 30,000 circulation is subscription. The Nation has few advertisers. "Consequently," says its publisher, James J. Storrow Jr., "any increase in costs must be borne almost entirely by our readers." The publication has already raised its rates to $15 a year (for 48 issues) from $12.50 in 1971, the year the first step of the new postal increases went into effect, and the magazine is fearful that any further increases will lead to a loss of readers.

"We already pay 25% to 30% more for postage than for paper, and postal rates are going up faster than any other item," Mr. Storrow says.

The periodicals with sparse advertising argue that ad-heavy publications brought about the current postal situation. Traditionally, major consumer publications have taken advantage of low subscription rates and even cheaper second-class postal rates to flood the nation with their production and then raise their ad rates on the basis of huge subscription lists. In fact, this factor was a significant motivation for Congress to pass the Postal Reorganization Act; and today U.S. Postmaster General Elmer T. Klassen stands by that decision. "I find it difficult to think these publications deserve any form of subsidy," he says.

"CATCH 22" LOGIC

Mr. Klassen quickly adds, "We're not trying to destroy anyone. These magazines are our customers." Nevertheless, Arthur Keylor, Time Inc.'s group vice president in charge of magazines, is skeptical about Washington's benevolence. "If the Postal Service were to find the volume of mail declining as a result of the increases, it would find a way to jack up the rates still more. And then where would we be? The whole business has a 'Catch 22' logic to it."

While some of the smaller and middle-sized publications are more or less resigned to the postal-rate increases—"There isn't much that we can do about them," says Russell Bernard, publisher of Harper's magazine—the larger publications are moving to confront the problem on a number of fronts. Coleman W. Hoyt, distribution manager of Reader's Digest, says his magazine has developed a delivery system based on the services of a private carrier that it will try out in several communities this summer in conjunction with McCall's and several other major magazines.

According to Mr. Hoyt, the Digest system sorts the magazines not only by particular areas within a community but by exact carrier routes as well. "We're even planning to sequence the walk of that carrier," he says, "so he doesn't have to do any sorting himself while on the route."

The Wall Street Journal already does its own delivering in towntown areas of New

York and Pittsburgh. And it recently arranged to have a private carrier, Inland Carriers, a division of Inland Diversified Corp., deliver copies of the paper to areas of Los Angeles, including the downtown business district. While such delivery is currently a bit more expensive on a per-copy basis than the Postal Service, Dow Jones's president, Warren H. Phillips, says that private delivery will be more economical than the mails by next July when the next step of the postal increase goes into effect.

(One of the problems attendant to private delivery is that federal law forbids the use of postal boxes by carriers other than those employed by the U.S. Postal Service. Consequently, private carriers making residential deliveries must shove magazine under doorways or hang them in plastic sacks on doorknobs if no one is at home.)

EYE ON THE NEWSSTAND

As another ploy in the war against rising postal costs. Time Inc. says that it may consider increasing newsstand sales of its various publications at the expense of subscription distribution. The company's newest magazine, People, channels almost all of its one-million circulation through newsstands or supermarkets, and Time Inc.'s Mr. Keylor says that People "will give us exposure to the newsstand and equip us to do more in this area."

While such moves may help the subscriber-oriented publications cope with postal increases, many believe the real remedy lies with Congress. Currently before that body is a bill that would spread out postal increases over a 10-year period (as the magazine industry has urged) and that would reduce by a third the proposed increases on the first 250,000 copies of magazines' circulation. As The New York Times observed in a recent editorial: "This bill would at least relieve the immediate pressure on all periodicals, and, by reducing the increases for a magazine's first quarter-million circulation, would rescue hundreds of valuable sources of education and healthy controversy from certain extinction."

The extent of public concern over the effect of rising postal rates on periodicals is such that the bill's two sponsors are Sen. Edward M. Kennedy (D., Mass.) and Sen. Barry Goldwater (R., Ariz), who rarely see eye to eye on anything. Says a spokesman for Sen. Kennedy: "Realistically, the 10-year provision is the most likely to succeed. But there's an outside chance we'll also get the 250,000 provision passed."

[From Signature magazine March 1974]

STAMPING OUT THE READING PUBLIC?

(By Senator Edward M. Kennedy)

AN IMPORTANT MESSAGE FROM THE EDITORS OF SIGNATURE

We bring a certain bias to the article which appears below. To support Senator Kennedy's views—as do many of his associates in the Congress—is an easy posture because it is so obviously self-serving for us. But the implications of Senator Kennedy's statement should be a warning light, not merely to magazine editors, but to all Americans. And those implications are chilling.

Just twenty years ago, a respected institution of learning—Columbia University—celebrated its 200th anniversary. It took as its bicentennial theme. "Man's right to knowledge and the free use thereof." Two years hence America will celebrate the 200th anniversary of the constitutional establishment of those same principles. We wonder, as does Senator Kennedy, whether certain of our rights—your rights—are going "the way of the passenger pigeon." The Editors

To virtually every citizen, the news of the 10-cent stamp is unwelcome fresh evidence of the nation's sick economy and our continuing inability to bring inflation under control.

But for thousands of newspapers and magazines across the country, the news of rising postal rates is far more serious than just a symbol of inflation—it's a matter of life and death to many widely respected journals that have always been pillars of the First Amendment and the lifeblood of ideas in our free society.

For almost two centuries, the postal system in America has operated on Benjamin Franklin's basic principle that the printed word occupies a central place under the Constitution and the First Amendment. Whether you call it a postal service or a postal subsidy, the purpose and tradition have always been the same. We want no financial hurdles to block the spread of ideas in our democracy.

Now, overnight, the Postal Service is trying to change all that and nullify this proud tradition. The trouble began with the Postal Reorganization Act of 1970, which created the Postal Service and imposed a general requirement that the mail should pay its way. Disregarding other equally important requirements and substantial legislative history, the Postal Service is reading the language on self-sufficiency as a license to reverse one of the time-honored traditions of our country—that ideas and printed words have never had to pay full freight in our national life, at least in terms of the accountant's balance sheet.

The figures tell a story of astronomical recent increases in postal rates for newspapers and magazines. In 1971, the Postal Service approved a 127 percent increase for such rates, to be phased in at the rate of 25 percent a year through 1976. And last fall, the service compounded the crisis by imposing an additional 91 percent increase to be phased in over the remainder of the same period. As a result, these new rates mean a total increase of 218 percent by 1976, or an average increase of 43 percent a year for five years. That makes even the soaring cost of food and fuel a bargain by comparison.

Obviously, it is no answer to say that the postal increase represents only pennies per copy, which has been the favorite hedge of the Postal Service in defending the heavy increases. Clearly, the country is not tolerating a demand by oil companies for exorbitant gasoline price increases, even though they, represent "only" pennies per gallon. Why, then, should exorbitant annual postal increases be received with any more equanimity?

For many respected publications, such increases may well be a mandatory sentence of capital punishment. The death of *Life* and *Look* and many other popular magazines of wide appeal in recent years is somber testimony to the very real threat the current postage increases pose to existing publications.

The Postal Service argues that the problem isn't serious, because publications can pass the rate increases along to their subscribers and their advertisers. In the view of most economic experts, however, the large new postal increases simply can't be passed along that way. As subscriptions and advertising rates go up, subcribers and advertisers drop off, according to the inexorable laws of the marketplace. For many publications, asking them to raise their rates is simply asking them to go out of business.

A further alarming prospect is that the unrestrained new postal rates will accelerate the disturbing journalistic trend away from low-price mass-audience newspapers and magazines and toward costly special interest publications. If the new postal rates are allowed to stand, we face the very real danger that television will become the only mass medium in the country, while magazines become the exclusive preserve of a small and affluent elite.

It's bad enough that many distinguished publications have now become extinct, gone the way of the passenger pigeon, victims of the unyielding brutality of the balance sheet. But when the heavy thumb of government itself intrudes to distort the balance, the problem is much worse.

Nor can the problem of rising postal rates be viewed in isolation. At this time of challenge on so many fronts to freedom of the press, the burden of the new rate increase is especially ominous. In recent years, we have seen the Pentagon Papers case and the attempt to impose an unprecedented prior restraint on the dissemination of news. We have seen subpoenas served on newspapers, reporters subjected to illegal wiretapping by the government, and other reporters jailed for contempt for refusing to disclose their sources to law enforcement agencies. We have seen threats of oppressive government action against the freedom of the broadcast media. Wherever we turn, we see the press and our First Amendment freedoms under attack by the pressure of official policy.

Most insidious of all, perhaps is government pressure in the form of economic policy. The Supreme Court proclaimed long ago, in prohibiting States from taxing the new Federal institutions being created at the beginning of our Republic—"The power to tax is the power to destroy," said Chief Justice John Marshall.

And so is the power to impose exorbitant postal rates. The Postal Service has the responsibility to exercise its vast new powers wisely and fairly, and Congress and the people must hold it to that standard.

SENATOR COTTON'S PORTRAIT UNVEILED

Mr. McINTYRE. Mr. President, yesterday—March 19—a portrait of my dear friend and senior colleague was unveiled for permanent display in the statehouse of New Hampshire.

This portrait, commissioned by the many friends and admirers of Senator NORRIS COTTON, was painted by a New Hampshire artist, George Augusta, of Hampton Falls.

I am neither connoisseur nor critic, Mr. President, but to my unpracticed eye this portrait captures the Yankee essence of NORRIS COTTON. There is strength there, and independence; and dignity warmed with a hint of humor.

I know that in the years to come I will not pause before that portrait without reflecting upon how fortunate I was to have him for a colleague, and how fortunate the people of our State were to have him labor in their behalf for half a century.

NORRIS COTTON will retire from this body upon the expiration of his present term. I shall miss him. I shall miss his wise counsel. I shall miss refusal to let our political differences weaken our mutual resolve and effort to serve the people of our State. But most of all I shall miss the day-to-day reassurances of his friendship.

In recognition of the honor deservedly bestowed upon him in Concord, N.H., yesterday, Mr. President, I ask unanimous consent that the brochure distributed at the unveiling of Senator COTTON'S portrait be printed in the RECORD.

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

DEDICATION OF THE PORTRAIT OF THE HONORABLE NORRIS COTTON, U.S. SENATOR

(Artist: George Augusta, Hampton Falls, N.H. Portrait Committee: Meldrim Thomson, Jr., Governor of New Hampshire, chairman; Lane Dwinell, former governor of New Hampshire, vice-chairman; E. Allen Parker, secretary; William King, treasurer.)

NORRIS COTTON

Oft times the great move in our midst without recognition.

They are with us in the sunshine of school days, share the dreams and hopes of budding maturity, and grow from day to day and from one service to another, until suddenly the total of the lifespan of their good deeds marks them as outstanding among their fellowmen.

Such a one is Norris Cotton.

Born of America's great tradition in a humble farm home of Godloving parents, Norris grew up in the small town of Warren, New Hampshire, where friendship and neighborliness were as much a part of daily life as the woodstove in winter and the fishing hole in summer.

Born May 11, 1900, he attended Tilton School, Phillips Exeter Academy, Wesleyan University and George Washington University Law School. In 1927 he married Ruth Isaacs of Union City, Tennessee.

Blending God's precious gifts of a strong physique, native intelligence, and great industry, he prepared himself as a young lawyer for the long, interesting, and unusual career of a half century of public service for the citizens of his native Granite State.

As a lawyer, prosecutor, legislator, Congressman and United States Senator, Norris Cotton wove the bright pattern that has marked his career of service.

And in between and interspersed throughout the pattern he managed to be an excellent preacher, a teller-of-tales—some tall and some a bit wide on the bias of time, but always in good fun and risable—a strong debater, author with a sharp and bouncy pen, an easy friend beside any hearth, and yet so astute and knowledgeable that his advice was sought by Presidents.

It is our heartfelt prayer that the warmth and beauty of Norris Cotton's autumn will linger in health and happiness for unfolding years yet unreckoned.

To him we extend our sincere and grateful thanks for the fifty years of sacrifice and service that he gave to our sovereign State of New Hampshire.

And now, it is my rare and great privilege to unveil this permanent portrait of Norris Cotton, who is one of New Hampshire's all-time great citizens and one of America's finest statesmen.

MELDRIM THOMSON, Jr.,
Governor.

RESOLUTION

Whereas, the month of October, 1973, has been proclaimed Norris Cotton Month in New Hampshire, affording our citizens an opportunity to pay tribute to Senator Cotton; and

Whereas, Senator Cotton has served the people of New Hampshire and of the United States for more than a half a century; and

Whereas, Senator Cotton's distinguished career of public service began in 1923 as a member of the New Hampshire Legislature and has included serving as Secretary to Senator George Moses from 1924 to 1928; serving as the Grafton County Attorney from 1933 to 1939; serving as Justice of the Lebanon, New Hampshire, Municipal Court from 1939 to 1944; and again serving as a member of the New Hampshire House of Representatives from 1943 to 1945 during which time he was elected Speaker of the House; and

Whereas, he then went on to serve the people of his home state and his nation as a member of the House of Representatives from 1946 to 1954 and as a respected member of the United States Senate from 1954 to the present time; and

Whereas, Senator Cotton has left an indelible mark on the American political scene; and

Whereas, his many friends in New Hampshire have contributed toward having a portrait of Senator Cotton commissioned;

Now, therefore, pursuant to the provisions of RSA 4:9, the Governor and Council hereby authorize to be permanently displayed in the State House the said portrait of Senator Cotton at a location to be selected by the Governor.

With the advice and consent of Council:

Executive Council: Lyle E. Hersom, Robert E. Whalen, James H. Hayes, John F. Bridges, Bernard Streeter, Jr.

MELDRIM THOMSON, Jr.,
Governor.

ROBERT L. STARK,
Secretary of State.

THE ENERGY SITUATION

Mr. BEALL. Mr. President, in recent months this body very correctly has spent a great deal of time considering our Nation's energy shortage. We have very carefully studied many proposals in this area, and have heard from countless experts on the facts surrounding our current situation.

One of my constituents, Mrs. Ellen R. Sauerbrey, has forwarded to me a copy of a paper she recently prepared which discusses in some detail the factors behind our energy problem. I found Mrs. Sauerbrey's comments most perceptive, and thus I ask unanimous consent that her remarks be printed in the RECORD for the benefit of my colleagues.

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

THE ENERGY SITUATION

(By Ellen Sauerbrey)

Although the dimensions of the energy "crisis" have been very confused by a great deal of conflicting and misleading rhetoric from many sources, an intelligent comprehensive study of the problem brings out certain inescapable conclusions:

1. There is an energy shortage.

2. It has been created and aggravated in large part by governmental economic and ecological regulatory policies.

3. A reversal of the present devastating trend will require the removal of governmental interference and the investment of tremendous sums of capital, which must be first raised by the energy producing industries.

Energy in the U.S. is no longer a superabundant and cheap commodity which can be used wastefully. While a great deal of attention today is focused on whether the shortages of 1973–74 are real or imagined, whether the government and the oil companies are cooperating to increase prices (it is indicative of our departure from a free economy that we take for granted that the government must cooperate or control in pricing), attention should be directing itself to the fact that we will experience increasing shortages of energy for at least the next twenty years and that it must become more costly.

The problems of the immediate future deal with two kinds of shortages which are already here today. The first is the shortage of domestic supplies of our most used primary fuels—oil and natural gas. The second is the shortage of the means to convert promary fuels into usable products, primarily refinery capacity and power generating capacity.

Solutions to the total energy crisis will have to be dealt with in various time frames:

1. Peak demand shortages. These are problems arising from a lack of reserve capacity to meet unusually heavy demand periods, such as the increasing electric power blackout and brownouts.

2. Short term (3–5 year) energy supply problem. Since it takes lead time to explore for new gas and oil or build refineries and pipelines, increases in supplies during this period will come largely from imports. Demand must be decreased. Prices must rise to discourage wasteful use and provide needed capital to increase production for the future. (An undesirable alternative would be government regulations, such as rationing, which will decrease demand by restricting the consumer's freedom of choice but *will not* increase supplies in the future.)

3. Intermediate-term energy supply problem. During this period, until about 1990, we will continue to be dependent on current types of energy, including conventional sources of fossil fuels and nuclear power plants. Unless we take the right steps to increase our domestic fuel supplies and conversion facilities, and conserve on our use of energy, it will be necessary to tremendously increase our imports of gas, crude oil, and refined products. This would create dangerous dependence on exporting areas and a balance of payments crisis. Toward the end of this period, investment in new technology should begin to produce significant amounts of energy from oil shale, solar energy, and the breeder reactor (which will greatly extend our supplies of nuclear fuel).

4. Long-term energy supply problems. Within several centuries, all the fossil fuels which have been deposited over the life of the earth will be depleted. As we are using up these fuels, tremendous economic investment must be put into harnessing alternate energy sources. Solar and geothermal energy could be made available in unlimited and nonpolluting form. By the end of this century, the fusion reactor, using an almost limitless fuel, deuterium, is the most likely practical alternative energy source.

In this study we will concentrate on the short and intermediate term problems of this decade until at least 1985. Projections indicate that between 1970 and 1985, the total energy use in this country will double, going from 64 quadrillion BTU (QBTU) to 125 QBTU, and that most of this energy must come from fossil fuels, which currently supply almost 98% of our energy. In 1970, the breakdown on energy sources was as follows:

34.1% domestic natural gas;
30.7% domestic oil;
10.4% imported oil;
21.8% coal;
1.5% imported natural gas; and
1.5% nuclear, solar, hydrothermal.

Notice the huge reliance on natural gas and oil, a fairly recent phenomena. In the past ten years, there has been a major shift away from coal on the part of industry which now is 75% dependent on gas and oil, and electric utilities which now use 40% gas and oil. Now with both natural gas and oil becoming scarce, we are becoming increasingly reliant on imported sources. This trend must be reversed to make more use of coal, our most abundant fossil fuel. As the demand for oil has increased, refinery construction has not kept up, and we are forced to import not only crude oil, but also refined products.

If we are to prevent the situation from becoming worse, we must understand what forces have taken us from an energy-rich country to a country rapidly depleting our scarcer fuels, and failing to develop new re-

sources or our production facilities. Government regulations and environmental requirements have created much of the problem.

The first fuel to show shortages, and to trigger problems in other areas, has been natural gas. The unwise dependence on natural gas has resulted largely because of government regulations imposed by the Federal Power Commission, holding the price of natural gas sold on the Interstate market well below the market value. With gas priced artificially low, and thus below the price of competing fuels, users have been attracted away from coal and oil. Government policy has been to encourage use of natural gas for environmental reasons. While wasteful use has been stimulated, the low price imposed has also resulted in profits being so low that gas producers have been unable to attract the investment capital needed to explore for new gas and oil fields. In 1956, when FPC regulations first went into effect, 58,000 new wells were drilled. In 1971, only 27,000 wells were drilled.

(Exploration has increased recently since the FPC raised the price rates in late 1972.)

The result has been that we are rapidly depleting our known gas reserves. While in 1963 we had 20 years of reserves, in 1973 we have only 9.6 years. Despite an obvious need to remove the FPC regulated price, Senator Adlai Stevenson has a bill currently pending in the Senate (S2506) which will extend the FPC controls for the first time to the sale of gas within the state where it is produced. Natural gas is currently selling on the free market within the state where produced for about three times the regulated price. Gas producing states may be expected to hold more and more gas out of the interstate market and market it more profitably within the state.

An interesting side note is that while the FPC "protects the consumer from high prices" and creates shortages of domestic gas, another wing of the government is promoting the LNG tanker program to increase natural gas imports. The imported gas, largely from Algeria, is sold in the U.S. for about three to six times the price of our regulated natural gas.

We have vast untapped domestic resources of natural gas which, should capital be available to harvest them, have been locked up by environmental controversies. Meanwhile the Administration, has been promoting the pouring of billions of dollars in capital needed in this country, into developing the Siberian gas fields. The cost of this gas, according to former Commerce Secretary Maurice Stans would be about $1.50/thousand cubic foot, or five times the regulated price of our regulated natural gas.

The increasing shortages of natural gas and the pressures of the Environmental Protection Agency against the use of coal, are causing many users to switch to oil. At the same time, Senator Muskie's Clean Air Act of 1970 has tremendously increased gasoline consumption by at least 2 million barrels a day, when fully in effect.

However, while oil consumption leaps, our domestic oil reserves have been decreasing, dropping from 12.9 years in 1955 to 9.6 years in 1969. Two governmental regulations have been used as political footballs, creating uncertainty in sound planning by the industry and discouraging investment of capital in domestic exploration.

First is the oil depletion allowance. Devised to encourage the investment of capital in the very risky business of drilling holes in the ground, it allows a portion of the investment (only in holes that produce new oil or gas) to be written off as a tax deduction. It is under constant attack as a diabolical tax loophole. A potential investor, thus has no way of knowing from one year to the next how much the oil depletion allowance will be, or if it will indeed survive the "tax reformer's" wrath. Uncertainty always discourages investment. In 1969 Congress reduced the depletion allowance from 27½% to 22%. Since the chance of striking oil is much better when drilling in the Middle East, domestic exploration has lagged. Secondly, import quotas, instituted by President Eisenhower in 1959, were devised to control the amount of cheap foreign oil allowed into the U.S. Instead, the quotas have often been used by government officials to hold down prices of domestic oil, by threatening to allow a flood of foreign oil into this country at a cheaper price, if domestic prices were increased. There is little incentive to risk capital exploring for domestic oil, which might not even be able to compete with foreign oil in the market. Because of the severe domestic oil shortages and rising foreign prices, import quotas were finally removed in 1973.

It should also be remembered that there were no serious shortages of oil (or anything else) when price controls were put into effect in this country in August 1971. With the price of fuel oil frozen at the seasonally low price of summer, fuel oil shortages developed in the winter of '72–'73. Two obvious factors contributed to this shortage. Prices in this country were frozen at about 12¢ a gallon while selling in Europe at 25¢ a gallon so more fuel oil found its way into the more profitable open markets of Europe. Also, since gasoline prices were not as distorted, refineries turned out more gasoline which was more profitable. Attempts by refineries to correct this imbalance caused gasoline production to suffer in the summer of '73.

Such distortions are typical of the confusions that result when government attempts to control the free market. As with price-fixing of natural gas, the artificial suppression of the price of gasoline (to half the price of that in Europe) has both encouraged wasteful consumption and discouraged production.

It is worth noting the totally ignored fact that between 1963 and 1972 the retail price of gasoline rose less than 19% while the overall Consumer Price Index rose over 37%. From January 1st to August 31, 1973, the price of gasoline went up 4.4%. During the same period the Consumer Price Index rose by 5.9%. On a constant dollar basis the price of crude oil has declined over the past decade while at the same time costs of production have soared.

The U.S. is blessed with rich untapped supplies of oil. But because of impact studies, bureaucratic red tape and legal delays provided for by the National Environmental Policy Act of 1959 and Environmental Protection Act of 1970, environmentalists have been able to almost totally block exploration and production of oil from two of our richest domestic sources, the Alaska North Slope and off our shoreline. Though the Alaskan pipeline is finally about to go forward, five year delays have more than doubled the estimated cost from $1.5 billion to $3.6 billion, deprived us of two million barrels of oil a day and $2 billion per year on our balance of payments due to our need to import this oil.

Approximately half of the oil in this country is located on public lands, primarily on the outer continental shelf. Offshore drilling to recover this rich supply can only go ahead as the Interior Department leases areas for exploration. Using legal delays and regulations provided for by the National Environmental Protection Act of 1970, environmental groups have been able to tie up most such leasing in court suits.

Much of this activity is irrational and unjustified. About 17,000 wells drilled off our western and southern continental shelves have resulted in 25 blowouts and only *three* major spills. Studies, such as that conducted by forty leading scientists, led by Dr. Dale Straughan, a marine biologist from the University of Southern California have indicated that "Not only had overall damage by the spill been greatly overestimated, but where damage had been done, nature returned it to normal." In fact, there is evidence that the artificial reefs and barriers associated with the offshore wells may actually contribute to increasing fish populations in these waters.

As already indicated, U.S. coal is our most plentiful national energy source, but its use is declining rapidly. The only thing wrong with coal is that it can't be mined and it can't be burned. Though the low cost of natural gas has attracted users away from coal, the major impetus has come from environmental pressures. Making use of coal will depend on solving several key problems: sulfur dioxide pollution from burning coal with high sulfur content, objections to strip mining, increased mining costs required by the Coal Mine Health and Safety Act of 1969, and perhaps most important, developing the technology to extract oil and gas from coal.

Electric power plants and industries have been forced to discontinue burning coal because of pollution standards and are using up the oil, which is the only fuel that can be used to run an automobile engine or manufacture petrochemicals. The significance of this can be seen by recognizing that if electric utilities were totally returned to use of coal, and if one half of the oil and gas being used in industry were replaced by coal, it would almost eliminate our need to import oil and gas for years! Again, at the risk of being repetitive it is necessary to point out the governmental regulation such as price controls, environmental controls, and the Mine Safety Act have made it unprofitable to mine coal. This has dried up the investment capital that must be invested if the technology needed to solve the problems of coal is to be developed.

The major short term substitute for fossil fuels was expected to be nuclear power plants. However, once again environmentalists have blocked development. Licensing requirements and approval of literally dozens of governmental agencies, difficulty in gaining approval for building sites, and law suits have made it almost impossible to get a nuclear plant into operation. It now requires at least a ten year lead time. Ralph Nader and Friends of the Earth are currently in court attempting to close 20 of the 31 operating nuclear power plants.

Not only availability of raw products, but the ability to convert them into the useable products needed, are critical in the current energy crunch. The two major problems we face in this area today are lack of refinery capacity and lack of ability to convert primary fuels into electricity (power plants).

No refineries have been built in the U.S. for over five years and by mid-1973 none were under construction. Lead time in building a refinery is over four years, so our shortage of refinery capacity will worsen until at least 1977. An Arkansas Energy Forum study indicates that in April of 1973, the U.S. was importing refined products at the rate of over 4 million barrels per day, and that this need for imports will increase to 5.9 million barrels in 1974, and 7.5 million barrels in 1975. The total world's exportable refinery capacity is only expected to reach 7.5 million barrels a day in 1975. We will have to compete for that capacity with Japan and Europe. It is considered unlikely that we will be able to purchase more than three million barrels a day, and if the dollar continues to lose purchasing power due to inflation and devaluation, we may not be able to pay that much. So we are facing a critical shortage of refined products for the coming years.

Again environmental policies have made it almost impossible to find a refinery site. Fluctuating import quotas have made it impossible for industry to know whether a re-

finery, once constructed, could depend on having sufficient supplies of foreign crude oil. No one wants to spend millions to build a refinery unless assured of an adequate supply of crude oil. Fifty to seventy refineries will be required by 1985, requiring a capital investment of eighteen billion dollars (in today's dollars). Price controls on refined products have created a situation where refineries are not a sufficiently attractive investment to draw the needed capital. People will continue to invest where the profits are greatest and the risks least, hardly a description of the oil industry in recent years or today.

The growing shortage of electric generating capacity has come about for the same reasons as refinery shortage. Significant delays are being experienced in building power plants, again due largely to environmental objections. Expenditures have been required to shift existing poor plants from use of coal to use of oil or natural gas to meet environmental regulations. Now, in many areas they are being converted back to coal because of the unavailability of oil and gas.

Wall street analysts contend that an investment of $260 billion in power plants will be required by 1990 if brownouts and blackouts are not to become a way of life. Since utilities are government regulated, and the return on investment is not very attractive, these analysts question the ability of utilities to raise the capital required to provide the generating capacity needed.

This brings us to the crux of the problem, the economics of financing our energy needs. Barring radical changes in our rate of consumption and domestic production, the United States will import almost ⅓ of its total energy needs and over ½ of its oil by 1985. The cost of this imported oil between 1973 and 1985, based on a cost of $4.00 a barrel was expected to exceed $200 billion dollars and create a crisis in our balance of payments. This was an optimistic estimate since the cost has recently jumped to about $9.00 a barrel landed here. The great loss of purchasing power of our dollar abroad, due to our inflation and devaluation of our currency, makes it unrealistic to expect foreign oil prices to drop back to their former level.

The chart that follows gives some idea of our total short term energy costs between now and 1985:

$200–$400 billion—imported oil 1973 to 1985;

25 billion—500 supertankers and 35 superports;

15 billion—tankers and facilities for importation natural gas;

20 billion—refinery capacity;

200 billion—power plant construction and transmission equipment;

15 billion—coal gasification;

100 billion—minimal exploration and development domestic gas and oil (each additional $10 billion here would reduce 1985 import requirements by 10%, and reduce import costs; and

600 billion—estimated total capital requirements through 1985 including above plus pipelines, railroad cars, etc.

The critical question is: Where does the money *come from*? Wall street analysts project the energy industries will have only *half* of the necessary capital, unless there is a radical change in the pricing system. Though politicians do not find the obvious answer politically acceptable, sound economics dictates a need for the price of energy to rise. A return to the free price system is the only mechanism that will create the capital needed to increase supplies, and will also reduce demand below the above projections.

Because we are no longer taught basic economics, we have lost sight of the function of the pricing system and of profits. The great function of the free price system is to force people to economize on those things which are in shortest supply. If price controls are taken off gasoline, it is true that the poor man may buy less than the rich man. This is true of anything which is not given away free. But as prices rise, people look for other options. Each person has a direct and immediate interest in using less fuel. As energy becomes more expensive more people will find mass transit attractive, insulation will sell better, people will give more consideration to the type of car and other energy using products they purchase, to the type of heat they use in their home. No government edict is as effective as an increase in cost in persuading people to readjust their values.

The second argument against allowing prices to rise is that the oil companies will make big profits. It is precisely these profits that will encourage people to invest in oil companies rather than elsewhere. And it is this ability to attract capital that will permit the energy producing industries to increase the supply. As supplies increase sufficiently, profits will fall once again to the level of other industries.

Though space does not permit a lengthy treatment of the subject of profits, a few basic misconceptions should be touched upon. First of all, many people who should know better, have created an impression of "windfall profits" by citing the percentage of increase of profits over last year. A moment's reflection will demonstrate that if profits climb from $1.00 to $2.00, the percentage of increase is 100%. Using these same misleading criteria, the Washington Post has enjoyed, this year, a profit increase of 249% and U.S. Steel of over 100%. No one is calling for penalty taxes of the newspaper or steel industry.

Secondly, there are various ways to measure profits, such as return on sales, return on shareholders equity, return on invested capital, etc. The gauges which have the most relevence reflect, not profit on sales (the figures being generally quoted) but profit on investment. It should be obvious that return on investment is the one barometer that will attract capital needed for increasing exploration and production. If the profits here were indeed so high, investors would be rushing to buy oil company stocks. The truth is that these stocks are plummeting because the return on investment in the oil industry is in the range of 10% while the return for manufacturing industries as a whole averages over 12%. Recent profit increases have brought the depressed industry back to the level of profits in 1967.

Third, it must be remembered what happens to profits. Exxon for example received much attention when it announced profits of $2.44 billion for 1973, but much less when it announced projected capital expenditures for 1974 of $3.7 billion.

Several undiscussed factors have contributed to a short term profit increase such as the selling off of inventories (which will have to be replaced) at a time when prices were rising sharply. Also a large part of the profits came from overseas operations and were due in part to currency revaluations. It is to be hoped that misconceptions about profits do not lead to punitive legislation that will prevent development of energy needed for our future.

We experienced the inhibiting effects of price controls (and profit controls) during the beef shortages of last summer. Beef products almost disappeared from the supermarket shelves until price controls were lifted. Beef prices rose permitting a fair profit, and beef again found its way to the market. As supplies increased the prices fell somewhat again and stabilized. If the prices are attractive enough, farmers will increase production of beef and it will be abundant next year. However, no amount of government intervention will force farmers to grow beef if it is not profitable. Rationing the beef would have insured that each person got a small taste of whatever scarce supply of beef was available, but it would not have made the beef more abundant, or more cheap.

So, rationing of petroleum products will not increase the supplies, or lower the demand. Each person, instead of having a stake in conserving fuels will be motivated to try to get all he can for fear he will be cut off later. Every pressure group will believe it is entitled to special treatment. Competition will shift from the market place to the political arena. Is there anyone who thinks that this will ensure him fairer treatment?

Price rises and healthy profits alone will not solve the energy problem as long as the government and the environmental movement prevent the companies from investing their capital in those areas which are necessary if our way of life is to continue—refineries, exploration, power plants, pipelines, superports, etc. Some balance must be struck between our energy needs and our environmental considerations.

CONGRESSIONAL COMMUNICATION

Mr. ERVIN. Mr. President, on February 20, 1974, the Joint Committee on Congressional Operations, under the chairmanship of Senator METCALF, opened hearings on a most significant issue—Congress and the media.

Because of the importance of this issue to all of us, I would like to share with my colleagues the very thoughtful and substantive testimony delivered by Senator MUSKIE as the leadoff witness for these hearings.

Drawing upon a comprehensive survey conducted by his Subcommittee on Intergovernmental Relations, Senator MUSKIE presents a clear case for the argument that present patterns of communications between public officials and their constituents are simply not working as they should.

The Senator from Maine then proceeds to argue forcefully and convincingly that the Congress cannot afford to ignore new ways to communicate with the people who elect it. Though the price tag may be high for such projects as televising congressional debates, Senator MUSKIE concludes that the price we pay for public ignorance is even greater.

I urge my colleagues to give careful attention to Senator MUSKIE's remarks, and I ask unanimous consent that the entire text of his remarks be printed in the RECORD.

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

TESTIMONY OF SENATOR EDMUND S. MUSKIE

I would like to begin today by congratulating the Chairman on his timely initiative in holding these hearings. If the strength of a democracy depends in the best of times on the degree to which its people are well informed, certainly the axiom carries even greater force today. When public confidence in the leadership of all institutions, and especially government, has reached an all-time low, while the complexity of the nation's problems reaches an all-time high, communications between the American people and their leaders should be better than ever before.

But we know that is not the case. Indeed, that is why we are here—because we recognize that in general, Americans are not well informed about their government, at any level, and that we in public life are somehow

failing to communicate to those we represent what government is all about today.

My testimony today contains no quick answers to this dilemma. I do try to suggest ways in which we can change some of our practices in Congress to encourage more responsible press coverage and I raise some questions—for which I hope this Committee will seek answers—about the means we might consider of using television to present Congressional activities directly to the public. But before making proposals, I want to set out some of the evidence about the seriousness of the problem we confront.

I.

In December of 1973, the Subcommittee on Intergovernmental Relations released a comprehensive study on the attitudes and expectations of Americans toward their government. That study, prepared by the Subcommittee staff and by Louis Harris and Associates, gave us fresh insight into the state of public awareness of government and its functions in the United States today.

The general public was asked a number of questions designed to measure the degree of public knowledge of government. The answers were almost uniformly discouraging.

While 89% of the public correctly identified the Governor of their state—

Only 46% were able to correctly identify their Congressman.

Only 59% correctly named one U.S. Senator from their state, and only 42% could name the other Senator as well.

And only 62% correctly identified the composition of the U.S. Congress, even when given the correct answer as a choice among three incorrect ones. A full 20% believed that the Congress is composed of the Senate, the House and the Supreme Court.

A different set of the study's findings show how inadequate the traditional paths of communication between officials and their constituents are today. While a number of these specific findings do not relate directly to Congress, they are parallel to our own situation and should help us discuss alternative proposals for change.

II.

First of all, it is apparent that public officials think they are communicating with the public better than they actually are.

When asked how up to date they would rate the people in their area on what is going on in Federal, state and local government and in politics, the state and local officials sampled gave the public a higher rating in three out of four cases than the public gave itself.

These officials were fairly accurate in their estimate of public awareness of what is going on in the Federal Government and in politics. But when asked the same question about their own level of government, they missed the mark by a mile. Local officials over-estimated public information about local government by 26 points, the same margin of error State officials showed in assessing public knowledge of state government.

Federal officials were not included in our sample, and we cannot draw any conclusions about them on this point. Nevertheless, it is obvious that for state and local officials, at least, their communications with their constituents are successful only in their own minds.

III.

My second point is more complex, but also, I think, more significant for our discussion. According to the study, the traditional means which most public officials use to communicate with their constituencies are simply *not* reaching those who need most to be educated about the way government operates.

On the contrary, those who benefit most from these regular avenues of contact are those who are already the best informed, and those who have a personal stake in a particular governmental function.

In one question, state and local officials were asked what means they use to keep in touch with those they serve. They responded as follows: 42%—personal conversations and contacts; 42%—public and community meetings; 36% through the media; 36%—answering correspondence; 29%—answering telephone calls; and 21%—keeping their offices open to people.

In a follow-up question, they were asked which regular contacts they maintain with the public and how worthwhile they find such activities. Of the 70% who keep regular office hours, 77% found doing so very helpful in getting their job done. Of the 88% who make speeches and appearances on a regular basis, 68% found doing so very helpful. Of the 66% who attend weddings, funerals and social events, 34% found doing so very helpful. And of the 38% who send out newsletters on a regular basis, 51% found doing so very helpful.

The citizens' perspective on these same functions is markedly different.

Measuring public contact with elected Federal officials, we asked people whether or not they had ever received a mailing from their Congressman or Senator. 74% of the public said they had received a letter from the former, and 59% from the latter.

On the surface at least, these figures are fairly impressive. But they are misleading. While 83% of the college educated said they had received a mailing from their Congressman, only 61% of those with an eighth grade education had. While 74% of those with an annual income of $15,000 or more had received a letter from their Senator, only 50% of those in the $5,000–10,000 income range had. While 72% of those the study designated as "active citizens" and 67% of those who said they voted in the 1972 election had received a mailing from their Senator, only 38% of those who did not vote had. And while 78% of whites had received a letter from their Congressman, only 42% of blacks had.

At the state level 37% of the officials reported keeping regular office hours, and 74% found this service very helpful in getting their job done. However, when the people were asked if they had ever visited a state legislator in their state capital, only 14% responded affirmatively. Among professional, college educated and active citizens, this percentage rose to over 20%. However, for blacks it was only eight percent; for those with an eighth grade education, five percent.

Among local officials, 27% volunteered that responding to their mail is an important way for them to keep in touch with their constituents. However, for the people they seek to serve correspondence is far less significant. Only 19% of the total sample said they had ever written a letter to a local government official. For the wealthier, the better educated and the "active citizen," this percentage rose substantially to 30% or better. For blacks, however, it sank to six percent, and for those who did not vote in 1972, to 11%.

I could cite more statistics from the study on this point, but the message is already clear. In almost every case, the means of communication elected officials use primarily reach those who are already best informed—the college educated, the upper income group, the active citizen. Likewise, in every case, the less educated, the poorer and *those who did not vote* do not participate in the communications process. While most of these figures relate to state and local officials only, I would guess that we in Congress are equally trapped in the same pattern of two-tiered communication.

IV.

On a related point, the Subcommittee study also reveals that those in our society who actually go to their government directly to get it to do something for them are the same well informed and active people. Moreover, they generally go to their government for a particularized, personal service rather than on broader policy issues of concern to the general community.

Only 24% of the general population reported ever having gone to their local government. Among the college educated the figure was 38%, 42% among professionals, and 39% among active citizens. For blacks, the figure was only nine percent; for those who did not vote in 1972, 15%. And the same pattern holds for those who have ever gone to State or Federal Government, though the percentages of contact are much lower across the board.

The concerns that take people to their government are varied, but primarily personal. At the local level, traffic-related problems and zoning questions elicit the greatest public action. At the State level, the most common motive for contact was financial assistance of one form or another, with scholarships aid often listed as a specific concern. Of those who contacted the Federal Government, the largest number said they sought help on such matters as citizenship, disability insurance payments, social security, and passports, followed by persons seeking Federal grants or research aid and individuals with military-related problems.

By and large we found that citizens do not go to their government to communicate with officials about broad policy questions, but rather to seek help on problems which involve only the mechanics of government. With the sole exception of the Federal Government, where 23% of those who said they had ever gone to the Federal Government to get it to do something had written to express an opinion on an issue, in no other instance did a substantial number of persons cite the expression of their viewpoint on a public issue as a reason for going to their government.

V

The lengthy, detailed analysis I have presented of the communications gap between the government and the governed is only helpful as a diagnosis if we can go beyond it to prescribe some curative measures. I hope I am not mistaking the symptoms for the illness when I insist that relations between officials and the press are the key to restoring public contact and—ultimately—public confidence.

Television and the printed press are the megaphones which carry our thoughts outside this room. It will be months, I would imagine, before these hearings are printed, and even then, most of the records of your Committee's work will end up on library shelves. If we have a message to transmit, we must rely on journalists to amplify it for us—or find new means to go directly to the people.

The Subcommittee survey found, to no one's surprise, that Americans rely overwhelmingly on television and newspapers to inform them about public issues and the conduct of government. Yet, as I already observed, the public knows itself to be poorly informed.

The survey also found—in the wake of the journalistic enterprise that went into investigating the Watergate scandals—that television news and the press were the only major institutions with a higher standing among the public in 1973 than they had in 1966. These levels of confidence are less than awe-inspiring: 41% for television news and 30% for the press. Nevertheless, the public rating is at great variance with the view of state and local officials, 17% of whom accord television news a great deal of confidence and 19% of whom give the same respect to printed reporting.

Those figures define the problem. The men and women who know most and best what government is doing also trust least the only reliable means they have for communicating their knowledge, for eliciting a public judgment on their performance and, most importantly, for developing a public role in the work of government.

In passing, I might suggest some reasons for that lack of trust. It does not stem from the sensitivity of officials to criticism and exposure. We are all sensitive; we are all, in many respects, secretive. But no one who runs for office in a democracy now nearly two centuries old can be so naive or vain as to expect universal praise or think himself immune from probing inquiry.

VI

Our problem with the press is not that it investigates too much, but that it reports too little. We all know that conflict makes news. But we also know that a televised shouting match usually concentrates more on the exchange of insults than the exchange of ideas. A Congressional investigation receives more attention when important voices—but not necessarily significant questions—are raised.

The opposite is true for the activities which constitute the bulk of our productive work in the Senate—the actual exercise of legislating. Until this Congress, of course, we did not permit public scrutiny of the committee mark-up process, the occasion when most legislation takes final shape, when disagreements are sharply drawn and frequently reconciled.

But I am confident that a poll of those committees which have opened their doors during mark-up sessions would reveal that private interests have been well represented in the audience—as lobbyists—while the public interest—in the form of journalists—has been noticeably absent. You and I know, Mr. Chairman, from our own experience how little publicity was given the recent mark-up sessions of the Senate Government Operations Committee which resolved difficult problems on executive privilege, on reforming Congressional budget procedures and on revising the government procurement practices which account for billions of dollars in annual outlays.

Now why are there dozens of reporters and three television network cameras covering testimony on government secrecy and none at the committee meetings where laws are written to deal with those problems? The answer, I suspect, is that a clash of opinion is innately more newsworthy than the resolution of those differences.

That judgment of what makes news is one we must live with while we do our best to alter it. To the extent that committee members—and even special committee staff—engage in a constant attempt to brief journalists in advance of a mark-up session, or a floor debate, on the issues involved, we may be able to increase the informative coverage our work merits. Such activities will take time from us and money from our committee budget. We ought to give them a try.

In a column last May in the Washington Post David Broder intimated that responsible journalists recognize their profession's shortcomings. He suggested that newsmen should say "publicly what we know to be the case: that every day, we print a partial, incomplete version of certain selected things we have learned, some of them inevitably erroneous, all of them inevitably distorted by the need to abridge and by the force of our own preconceptions and prejudices. If we acknowledged that fact of journalistic life, perhaps we could act more quickly—and with less coyness—to correct yesterday's version with today's fresh evidence."

A second problem, however, is that one leak is often worth a thousand releases. A fact—or a prediction—that has been kept secret sets the adrenalin of editors pumping faster than an announcement made in broad daylight and delivered to their offices days ahead of their deadlines. Occasionally—if not seriously—I wonder if we might not get more attention if we stamped our material "Confidential" or "Eyes Only" and passed it out with whispers instead of with messengers to the press gallery.

VII.

In fact, however, our only proper course is to invite more publicity, not less, by exposing ourselves more to the public than ever. If a committee inquiry into the problems of federalism or environmental policy or health care cannot compete for attention against all the other news events in Washington, we should take the committee to the expert witnesses in the States, where the presence of a few Senators is more likely to arouse interest.

The financial differential between paying our fares out of the Capital and the expenses of the men and women we bring here to testify will not be great. And the added attention we can promote for an issue by taking the issue to those who must deal with it will often be worth the price.

When Lou Harris presented his findings in formal testimony to the Subcommittee on Intergovernmental Relations, I introduced him by saying, "The dialogue—in which the press is the essential intermediary—between the people and their leaders is being interrupted and distorted.

"To restore it will take a change of manners not laws, on both sides. The change will have to begin with a new acceptance by officials of the necessity of submitting their public conduct to continual scrutiny and a new willingness by journalists to conduct that scrutiny with an eye to information as much as sensation."

That is, I realize, a broad and imprecise prescription. While we are trying various means to fill it, I would only urge, in addition, that we explore the other option: that of finding new ways to inform the people directly, without intermediaries, of our activities. Obviously, television is the only medium that can carry such a message for us effectively.

Equally obviously, the use of television by Congress to present itself more fully to the public raises a number of questions. I cannot answer them, but I can and do urge that your committee give them thorough study.

From the practical point of view, we need to be able to estimate the cost of televising floor debates either continuously or optionally, according to the importance of the issues under discussion. We need to know what staff would be required for such an undertaking. We need to examine the cost—and value—of a Congressional service covering committee hearings and mark-up sessions, either to offer videotape footage to the commercial networks or for use in preparing programs the Congress itself sponsors as legislation comes to the House or Senate floor for decision.

I can imagine programs, properly supervised, which would give viewers the essential background on important bills, present excerpts of actual debates and even make the chief sponsors and opponents of such legislation available as a panel to answer telephoned questions from all over the country about the issues involved. I can conceive, even, of a public television network controlled by Congress offering nothing but views of Congress at work.

I cannot, however, begin to estimate the cost of such an undertaking. I can only wonder aloud what agreements between the majority and minority parties in each House—and between the Houses—would be necessary to control such programming. And I have to ask, quite frankly, what audience we might reach with daytime broadcasts of the proceedings on Capitol Hill.

I do not, however, put these questions forward as extravagant fantasies. If such broadcasts—such a network, perhaps—could perform a truly informational role, the considerable cost of establishing it should be weighed against the price we now pay for public ignorance.

I hope you will give these questions serious study. It is time they were asked. I hope they can be answered.

HEAT FOR CLASSROOMS FROM SUNPOWER

Mr. BEALL. Mr. President, one of the major answers to the energy crisis lies in the ability of this Nation to develop new sources of energy for our growing demands. One of the prime possibilities for energy in the future is, of course, in the area of solar energy. Recently, a Maryland school became the first in the Nation to obtain heat from the sun. Timonium Elementary School, which is located near Baltimore, is now making use of solar power to heat one classroom wing, and many Americans are now watching this project with great interest, hoping that it can be used in other areas for much-needed power.

Because of the general interest in solar power, I ask unanimous consent that a brief description of the project be printed in the RECORD, for the benefit of my colleagues.

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

ELEMENTARY SCHOOL BECOMES FIRST IN UNITED STATES TO GET HEAT FOR CLASSROOMS FROM SUNPOWER

A typical American elementary school today became the first in the nation to obtain heat from solar energy.

The project is one of a group of four experiments at schools in the northern and middle latitudes of the United States to test the use of sunpower for heating of buildings.

Some 5700 square feet of solar energy collector panels on the roof of the Timonium Elementary School, near Baltimore, Maryland, will heat water to replace the existing oil-fired steam heat system in serving one classroom wing.

The solar energy experimental system is designed to provide all the heat in that wing under average conditions, with its steam heating standing by in the event of sharp departures from expectations.

The four school experiments are funded by the National Science Foundation's program of Research Applied to National Needs (RANN), which is supporting research looking to wide application of solar energy for heating and cooling of buildings.

The other school experiments are in Warrenton, Virginia; Boston, Massachusetts; and Osseo, Minnesota, near Minneapolis.

The AAI Corporation, of Baltimore, designed and manufactured the system for the Timonium school and retrofitted it on the structure.

The project is a cooperative one with the Baltimore County School Board. The four experimental solar energy experiments are expected to add important scientific and technical knowledge on the use of such systems in schools and many other types of buildings, as new or retrofit installations. Data on the costs of systems and operating and maintenance costs will be obtained.

A principal purpose of the Timonium project is to help determine whether solar heating systems can economically reduce the fuel required to heat school buildings by substantial amounts. The school is representa-

tive of many others across the United States, basically one-story construction with window walls on one side of each room.

The section equipped for the solar energy heating test at Timonium is the central wing of three, running north-south. The solar collectors are ranged in 10 banks across the roof, tilted at 45 degrees, and facing south. There are 180 individual collector panels, each of 32 square feet.

The essentials of the system are the solar collectors, a heavily-insulated 15,000 gallon hot water storage tank, and a hot water room heating system fed directly from the collector or from the storage tank. The results will be compared with the heating requirements supplied solely by a conventional oil-fired steam boiler for the other two wings.

The solar energy system is phased to collect and store heat one day, use the heat early the next day, and repeat the cycle. Enough heat is stored in the tank to heat the school for four or five days.

Controls will utilize a simple logic circuit which will regulate storage, collection, and heat transfer to the building, and call for conventional heat if necessary. School temperature will be allowed to drop to 60 degrees at night and on weekends. Heat will come on early enough each school day to bring the temperature to 68 degrees by school opening time.

The major components, such as the individual collector panels, the collector banks, and the storage tank, were fabricated at AAI's plant and trucked to the school. Most work was done outside of school hours, with minimum interference with classes. The storage tank sits outside the school, with a pump house near it.

An instrumentation and operations console is in one corner of a room in the school which is intended for future use as a library. AAI personnel have access to the instrumentation for data observation and collection.

The project director and principal investigator is Irwin Barr, vice president of AAI Corporation. AAI will prepare a final report which will detail all costs, and make estimates of costs for "production" installations. Performance data will be prepared in a form useful to architects and designers so that preliminary estimates can be made for new school installations and retrofit installations in schools, warehouses, shopping centers, and other buildings.

The reporting will also include a complete description of a solar heating system installed in a typical school containing about 30,000 square feet of area to be heated. A "do it yourself" estimating form will be prepared, with directions for filling it in to identify capital and operating costs to be compared to similar costs for fossil fuel and electric heating of buildings, both existing and to be built, allowing for variation in future fuel and electricity costs. Detailed technical results obtained during operation of the system will be reported.

The annual energy consumption for public and private schools is over four per cent of the annual U.S. commercial sector energy demand, and one per cent of total annual U.S. energy demand. The Timonium installation, being a "first," and experimental, is not economically competitive with conventional systems because savings obtainable in "production" systems of established type could not be made.

FACT SHEET

Supported by: The National Science Foundation (NSF).

Contractor: AAI Corp., Cockeysville, Maryland.

Site: Timonium Elementary School, Timonium, Maryland.

Jurisdiction: Baltimore County School Board.

Type: Roof-mounted Solar Collector Array, Hot Water Room Heating.

Area of Wing: 9581 Square Feet.

Solar Collector Total Area: 5700 Square Feet Approx.

Individual Collector Panels: 32 Square Feet.

Number of Panels: 180 in 10 Banks.

Attitude of Collector Panels: 45 Degrees.

Orientation: South.

Storage Tank Capacity and Dimensions: 15,000 Gallons; Height 15 Feet; Diameter 15 Feet.

Interior Heating System: Hot Water Convector.

Location: Window Wall Each Classroom.

Existing System: Oil-fired Steam Heat.

Manufacture: Individual Panels, Collector Banks, Storage Tank: Fabricated at AAI.

Project Costs: $495,000 NSF; $73,000 AAI.

Other Schools: Experiments with solar energy heating for sharing heating loads with conventional systems are at Fauquier County Public High School, Warrenton, Va.; Grover Cleveland Junior High School, South Boston, Mass.; and North View Junior High School, Osseo, Minn.

SENATOR BYRD OF VIRGINIA QUESTIONS SECRETARY KISSINGER ON RHODESIAN POLICY

Mr. HELMS. Mr. President, I want to direct the attention of my colleagues to a recent exchange between the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.), and the Secretary of State, Dr. Kissinger, at Finance Committee hearings on the trade bill.

Senator BYRD's time for questioning was, of course, limited, but in a short space of time he very skillfully brought out the Secretary's reluctant views on a number of important matters. In the light of the Secretary's considerable reputation for semantic adroitness, the accomplishment of the Senator from Virginia was no small feat, and deserves to be highlighted on this floor.

The Senator's main line of questioning deals with the extent to which the Secretary has committed the United States to courses of action without appropriate review by Congress. Senator BYRD brings out that the trade bill, for example, is desirable in the Secretary's view only if the Secretary's personal commitments to the Soviet Union are kept. He brings out that the Middle East peace agreements appear to involve military commitments which are unstated.

Most interestingly, he brings the Secretary to the point where he must admit that the United Nations embargo against Rhodesia is based upon a fallacious notion, namely, that Rhodesia is a threat to the peace. Dr. Kissinger admits that Rhodesia is no threat to the peace. Yet the United States supported the embargo because of commitments to other nations. Finally, Senator BYRD makes the Secretary clarify the limit of our commitments to the Republic of Panama in the recent "Statement of Principles" which the Secretary signed in Panama City.

The Secretary's highly personal diplomatic style, often without the participation of experts in other agencies and levels of the Government, has often led us into the position of apparent commitments to other nations, commitments made without sufficient consultation and debate. I congratulate the Senator from Virginia for drawing the Secretary out on these issues.

Mr. President, I ask unanimous consent that the text of the exchange between Senator HARRY F. BYRD, JR., and Secretary Kissinger be printed in the RECORD at the conclusion of my remarks.

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

SENATOR BYRD QUESTIONS SECRETARY KISSINGER AT SENATE FINANCE COMMITTEE HEARING, MARCH 7, 1974

The CHAIRMAN. Senator Byrd?

Senator BYRD. Thank you, Mr. Chairman.

Mr. Secretary, am I correct in my understanding of your statements today that the major, the most important, and the most compelling aspect of the pending legislation is Title IV, giving trade concessions and credits to Russia?

Secretary KISSINGER. No, Senator Byrd, I do not think you would be correct in drawing this conclusion. We think that the whole bill is of extraordinary importance.

The reason that I have emphasized the amendments that have been made to Title IV is the consequences of these amendments on our foreign policy would be so severe. But, if you ask me to compare Title IV as it was drafted, or as it was proposed to the Congress, and its significance to other Titles, I would not single it out.

Senator BYRD. Well, I am asking you to compare it as it exists today, as it is before the Committee today.

Secretary KISSINGER. As it is before the Committee today, it is the part which most requires change, and therefore, I have singled it out in my testimony. It is the most urgent issue before the Committee, in my view.

Senator BYRD. If it is not the most important, and the most compelling aspect of this legislation, then why would you recommend a veto?

Secretary KISSINGER. Well, when I was asked the question I think Senator Hartke correctly pointed out that I was in some difficulty; that I would not recommend a veto very happily and very easily because I think it is equally compelling, or almost equally compelling, to have a—to create a multilateral trading system. It is going to be a very close decision which I hope we will not be forced to make.

I believe that the impact of withholding most favored nation treatment from the Soviet Union, after the record that I have put before the Committee, would have a very serious effect on our relationships with the Soviet Union.

Senator BYRD. Well, the fact that you would recommend a veto, as you stated you would do, certainly suggests to me that you regard that part of the bill as more important than all of the rest of the bill, combined.

Secretary KISSINGER. Well, I have every hope that we will not be faced with this decision and that we can work something out before I will have to face that question.

Senator BYRD. In other words, you feel that you made a commitment to Russia in that regard?

Secretary KISSINGER. I feel that we have made a commitment, but that, I think, is relatively less important because it would be clearly understood that the commitments would fall for reasons that are outside of our control.

I believe that the evolution toward a more moderate international system, that the prospects of peace, would be severely jeopardized—not in the sense that a nuclear war would start, but in the sense that relationships would deteriorate and some of the cold war atmosphere would return; and that in this resulting atmosphere of tension, there could be—that this could have consequences

that we would all regret, and I believe it is unnecessary.

I believe we can achieve the objectives of the Trade Act as well as our foreign policy objectives, and many of the objectives of those who have put forward the amendments, without driving it to this confrontation.

Senator BYRD. An outstanding newspaper—The Richmond Times-Dispatch—had an editorial on Monday—I just saw it today—in which it commends your efforts in the Middle East and I certainly concur in that. You have done a magnificent job. But it comes up in the context of commitments. The editorial ends by saying that what is known of the developments in the Middle East is fine for the Arabs and is fine for the Americans and is fine for the Russians, but the missing ingredient according to the editorial is what secret commitments, if any, have been made to Israel.

And the editorial says, Israel very likely is being offered nothing less than the military protection of the United States. Now my question is, have any commitments been made to Israel and has the military protection of the United States been offered to Israel?

Secretary KISSINGER. No commitments, either secret or otherwise, of any kind, have been made to Israel, or to anybody else. Everything, every understanding that has been reached, has been put before the Senate Foreign Relations Committee, and every understanding, written or implied, has been shown to the Chairman of the Senate Foreign Relations Committee and is available to the Chairman of the House Foreign Affairs Committee.

Senator BYRD. Well, there are commitments and agreements?

Secretary KISSINGER. There were a series of technical understandings associated with this disengagement agreement, most of which have been already superseded by the implementation.

We were in the position where, on occasion, neither side was willing to accept a proposal by the other, but that both sides were willing to accept proposals when they were made by us. Sometimes we passed on understandings of one side to the other.

There is no military commitment to Israel and no additional commitment except those that are generally known to have been made to Israel or to anybody else as a result of the negotiations that are now going on.

And I am not hedging. There is nothing—there is no escape clause in what I am saying.

Senator BYRD. Mr. Secretary, would you agree or disagree with Sakharov's statement in regard to detente in which he said, and I quote, "Detente is when the West in fact accepts Russia's rules of the game. Such a detente would be dangerous."

Secretary KISSINGER. Well, Senator Byrd, the relationship between domestic structure and international stability is a problem that has fascinated students of history for a long time. Is it necessary to have democracy in order to have peace? I think it would not be easy to demonstrate from history that democracies are always peaceful.

At any rate, to bring about democracy in the Soviet Union in the face of 300 years of Russian history followed by 50 years of Soviet history, as a pre-condition to making peace would doom us to decades of struggle, and the outcome would not be foreordained. We do not approve of the Soviet domestic structure. We do not like its values. We do recognize, however, that today, and for the immediate future, we are doomed to co-existence with the Soviet Union.

Senator BYRD. That is what gets me to the next subject that I was interested in, the question of domestic policy in other nations and subjecting ourselves on other nations. You are here to advocate relaxing trade barriers with other nations, but you recommend that legislation be enacted by the Congress to embargo the purchase of a vitally strategic material from Rhodesia, of which material the United States has none.

Now your testimony before the Foreign Relations Committee, of which the present Chairman is in the Chair, you were then urging an embargo on trade. Now you are coming here and urging a relaxing on trade with another country.

Secretary KISSINGER. First of all, Senator, I must say you were very restrained in your first round of questions.

(General laughter.)

Secretary KISSINGER. I have already been asked substantially this question earlier. Quite frankly, the foreign policy context of the decision is somewhat different, both because of the case of Rhodesia, it is tied to the status of the government itself. It is tied to the implementation of U.N. resolutions. And it is related to our relationship with many other countries.

In the case of the Soviet Union you have this overriding, practical necessity.

Senator BYRD. Do you think our actions toward Rhodesia are just or unjust?

Secretary KISSINGER. I think it reflects the decisions of the international community and the general conviction about justice.

Senator BYRD. Well, I am not clear whether you regard it as just or unjust.

Secretary KISSINGER. Our action? Yes, I recognize it as just.

Senator BYRD. You recognize our action in embargoing trade with Rhodesia as being just?

Secretary KISSINGER. Yes.

Senator BYRD. Do you regard the Soviet Union as being governed by a tight dictatorship, by a very few persons over a great number of individuals?

Secretary KISSINGER. I consider the Soviet Union, yes, as a dictatorship of an oligarchic nature, that is, of a small number of people in the Politburo.

Senator BYRD. In your judgment, is Rhodesia a threat to world peace?

Secretary KISSINGER. No.

Senator BYRD. In your judgment, is Russia a potential threat to world peace?

Secretary KISSINGER. I think the Soviet Union has the military capacity to disturb the peace, yes.

Senator BYRD. In your judgment, does Russia have a more democratic government than Rhodesia?

Secretary KISSINGER. No.

Senator BYRD. In your judgment, does South Africa have better racial policies than Rhodesia?

Secretary KISSINGER. Does South Africa have better racial policies?

Senator BYRD. Yes.

Secretary KISSINGER. I would not think so.

Senator BYRD. If it is just to embargo trade on Rhodesia, would it be equally just to embargo trade against South Africa?

Secretary KISSINGER. I believe that the embargoing of trade on Rhodesia is not based on its internal policies so much as on the fact that a minority has established a separate state, and it does not therefore represent exclusively a judgment on the domestic policies of the Rhodesian government, but also a question with respect to the legitimacy of the Rhodesian government.

Senator BYRD. The staff informs me that the Rhodesian trades actions were imposed January 5, 1967, before the Smith government was established.

Well, to get back to—so it is not because of the internal policy, it is not because of the racial policies——

Secretary KISSINGER. Not at all.

Senator BYRD. Well, then you say it is because Rhodesia seeks to establish her own government. Is that not what the United States did in 1776?

Secretary KISSINGER. In a different international context.

Senator FULBRIGHT. Well the Secretary said he would stay until 1:00 o'clock. Does the Senator from Virginia have two or three more minutes he would like to have?

Senator BYRD. I have three or four more questions.

(General laughter.)

Senator FULBRIGHT. Well, the Chairman made a bargain with him. If he stayed until around 1:00, he would not have him back this afternoon.

Senator BYRD. But the Chairman made a bargain on behalf of himself, not on behalf of the Committee.

Senator FULBRIGHT. Well, go ahead.

Senator BYRD. My questions are brief and I do not want to hold you up, Mr. Secretary.

Senator FULBRIGHT. No. The Senator is recognized.

Senator BYRD. Mr. Secretary, I am very much interested in this Rhodesian matter. I have never been there. I have no connection with it one way or the other. And you have testified that you feel that the action that the United States has taken is a just action, and you are entitled to your view, just as I am entitled to my view; I feel that it is a very unprincipled action.

Now you have testified, and it is interesting to note, that the then foreign secretary of Great Britain, Douglas Hume, in an interview last December, said that while his government supports trade sanctions against Rhodesia because it had been put on by the previous Labor government, he did not think it was the correct policy. And then he added "We disagree with the political systems of a number of countries, for example, South Africa. But we trade with them. And by and large, we do not believe in ostracism and a boycott."

Would you care to comment on that?

Secretary KISSINGER. I agree with the general principle that he has enunciated.

Senator BYRD. And then you have testified that you do not regard Rhodesia as being a threat to world peace.

Secretary KISSINGER. That is correct.

Senator BYRD. And then you know, of course, that under the United Nations Charter action can only be taken against a country in regard to an embargo, if that country is judged to be a threat to world peace.

And so my question to you is do you think the United Nations acted improperly?

Secretary KISSINGER. I had not thought that the United Nations had acted improperly, but in the light of what you have said, I would have to review the particular positions of the embargo.

Senator BYRD. Thank you. I have just one more question, and I want to say, Mr. Secretary, as you know, I have a high regard for you. We met five years ago in the President's office, and I have had a warm regard for you ever since then, for yourself and for your ability. In presenting these questions, I just want to understand the issues. There are vitally important matters, and I think the matter of Rhodesia pertains to something that should be considered in the context of this pending legislation.

But there is one statement that I would like to take exception to that you made, Mr. Secretary, in Panama. Now you said this in your statements to the Panamanians—that you commit the United States to prompt completion of negotiations leading to the transfer of sovereignty over the Canal Zone from the United States to Panama. I just want to get clear whether you can commit the United States to negotiations leading to giving up the Panama Canal in perpetuity.

Secretary KISSINGER. I can commit the United States to the negotiations. I cannot commit the United States without ratification by the Congress to the result.

Senator BYRD. That is why I thought that it was unfortunate to use the word commit. I think that might be misleading.

Secretary KISSINGER. I do not have the text in front of me, Senator.

The intent was to commit the United States to prompt negotiations leading to a result that had already been agreed to in these principles. There was no additional commitment involved except to the prompt negotiation.

Senator BYRD. Leading to the transfer of sovereignty.

Secretary KISSINGER. To negotiations leading to the transfer of sovereignty. This was part of the eight principles that were signed.

Senator BYRD. This has not been agreed to by the Congress.

Secretary KISSINGER. But of course the Congress will have an opportunity to reject it. The commitment obviously extends only to the prompt negotiations and to the content of what we will submit to the Congress. It cannot commit the Congress to approve it.

Senator BYRD. Well, I hope the Panamanians understood that.

Thank you, Mr. Secretary.

NEW CITIZENS

Mr. FONG. Mr. President, I ask unanimous consent to have printed in the RECORD a timely and thoughtful speech by an American woman of international prominence. Mrs. Anna Chennault, vice president for international affairs, Flying Tiger Line, Inc., addressed the new citizens at a naturalization ceremony on February 12 in the U.S. District Court of the District of Columbia.

Mrs. Chennault spoke of the opportunities and obligations of new citizens to help enrich the culture and other aspects of American life. She expressed her deep faith in the United States as the "hope for freedom and land of opportunity" and as a country which expects and encourages new directions for working together. Mrs. Chennault's words carried special meaning for her audience because she herself became a U.S. citizen by naturalization in the District of Columbia some years ago.

I commend her speech to all who believe in a strong and peaceful America, and I ask unanimous consent to have it printed in the RECORD.

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

REMARKS TO NEW CITIZENS

(By Anna Chennault)

Judge Corcoran, honored guests, and friends: This is a very special occasion for our new citizens, and I am honored and privileged to have this opportunity to share with you your joy and excitement.

As we welcome our new citizens, I wish to tell you that I, myself, became a United States citizen in the District of Columbia some years ago. When I look at the list provided me, I notice we have 25 different nationalities. When we talk about the United States being the "melting pot of talent," this selection of people certainly demonstrates our point. I wish to speak to you as a friend this morning, not as a lecturer.

You have waited for many years to become an American citizen, therefore, first of all allow me to congratulate and welcome you to this big family. You come from different parts of the world. Some of you came to the United States to seek new opportunity, to be with your family, to seek freedom, to build a better future for yourselves and your children, or to have a better education. Regardless of what your reasons may be, you must care enough about America in order to be a citizen of this great nation.

On this very special day, allow me to share with you my humble thoughts. As you all realize, America is a young nation. Her culture, her philosophy, and her religions are combinations of many cultures. Therefore, may I say to all of you, whether you are from Europe, Asia, Latin America, Africa, or any other part of the world, you bring with you your own heritage.

Consequently, it is important that you and your children be proud of such heritage and use your heritage to enrich your adopted country.

I have known many naturalized citizens who have not preserved their own culture. This is certainly considered a waste of human potential. The combined heritage of different people is one of the elements to give strength to this great land of America.

Talking about America, let me tell you in a few words what I think of my adopted country. I have done a great deal of traveling on account of my work. Regardless of what other people have to say about this country, the majority of the people still regard America as the hope for freedom and land of opportunity, and I think it is most important that as a nation we do care about the others. We cared enough to fight in the First World War, we cared enough to fight in the Second World War, the Korean war, and in Southeast Asia. Now that we have ended the longest war in our history, we have begun to work and try to achieve the longest peace.

Our foreign policy is peace. Peace through strength, through new defense strategy, through negotiation. Our relationship with our allies as well as with other world powers have new directions and new priorities. It is our responsibility and our privilege to participate in political elections. Building a strong America is our unfinished business. May we ask all of you—our new citizens—to help us in continuing our job.

In the 70's, we experienced disappointments as well as achievements. Wherever there is progress, there is challenge. Shaping a peaceful world requires an America who remains strong; an America who cares enough to stay involved. Your citizenship, like mine, has not come easy to you like a native born. In order to preserve our privilege and your opportunity, you must work hard to fulfill your obligation.

The first advice I can give you is that you must register to vote. This is not only your privilege, but your obligation. Our system is a democratic system. This is a country for the people, of the people, and by the people. You have just as much right as the person next to you to make a change. As a new citizen, where do you begin? The way to begin is through political, economical, social, and moral avenues. We must not be afraid to be involved.

You all want better opportunities to serve your country. It is up to you to seek the channels so that your talent, your culture, your ability is recognized and can be part of the contribution for the new challenge of this most demanding decade. Let us combine our strengths and our efforts to make this new era a most exciting period of our time.

In 1976, this Nation will celebrate her 200th birthday. For you and many new citizens like yourselves, we expect and encourage new directions and new ideas to work together. We are proud to be Americans, and let us make certain that America can be proud of us.

Allow me to quote you a few lines from the poem, "I am an American", by Carmen Dragon:

I AM AN AMERICAN

I am an American,
Listen to my words,
Listen well . . .
For my country is a strong country,
And my message is a strong message,
I am an American,
I speak for democracy, and the dignity of the individual.

I am an American,
And my ancestors have given their blood for freedom.
A million and more of my countrymen have died for freedom,
I am an American,
And my country is their eternal monument.

I am an American,
And the fruits of my thought and labor are mine to enjoy.
I am an American,
And my heritage is of the land and of the spirit, of the heart and of the soul.
I am an American, and these are my words . . .
Show me now. . . .
A country greater than my country,
A people more fortunate than my people!

I congratulate you, for now your dream is fulfilled and your hope is achieved.

ENERGY AND RESOURCE RECOVERY FROM SOLID WASTE

Mr. DOMENICI. Mr. President, I wish to call to the attention of my fellow Senators and the public the recent remarks on solid waste management and recovery of energy and resources by Arsen J. Darnay, the Deputy Assistant Administrator for Solid Waste Programs of the Environmental Protection Agency.

Mr. Darnay's opening statement and the accompanying materials indicate clearly that there is a vast potential for the recovery of energy from the mountains of solid waste which our cities and towns now view generally as a problem to be buried and as a potential serious risk to health and the environment.

Mr. Darnay points out that there is sufficient energy in the solid waste which our cities generate to light every home and business in the country, the equivalent of 150 million barrels of oil a year.

I urge Senators to review this excellent background material in the context of our continuing concerns that we first maximize production of sufficient domestic energy for all of our national needs and, second, that we do so in an environmentally responsible manner. This data represents graphic evidence that energy production and environmental protection are complementary rather than conflicting goals.

In the next few days I intend to introduce significant new legislation which will give EPA the authority, the administrative mechanism, and the funding to assist States, municipalities, and industry in achieving what primarily must be their responsibility for exploiting these potential new sources of energy and raw materials.

Mr. President, I ask unanimous consent to have printed in the RECORD Mr. Darnay's statement, the EPA press briefing, and a set of questions and answers on resource recovery.

There being no objection, the material

was ordered to be printed in the RECORD, as follows:

STATE-OF-THE-ART BRIEFING ON SOLID WASTE MANAGEMENT AND ENERGY

(By Arsen J. Darnay, Deputy Assistant Administrator for Solid Waste Management Programs, U.S. Environmental Protection Agency)

It is a pleasure to have this opportunity to give you a brief state-of-the-art report on EPA land protection and residuals management programs, with special emphasis on how our activities are related to the energy problem.

The United States annually consumes about 190 million tons of major metal, paper, glass, rubber, and textiles. Of this amount, 143 million tons come from virgin resources; the remaining 48 million tons—about a quarter of the total—are obtained from resource recovery operations. This represents a lower percentage of resources recycled than ever before in history. Moreover, virtually all of the recovered materials are derived from discards of industrial processing, fabrication, and manufacturing activities, rather than from obsolete products discarded into the municipal waste stream. And the wastes from the municipal waste stream, for the most part, end up in open dumps where they contribute to insect and rodent problems, waste land, and, too often, contaminate air and water. Propertly designed sanitary landfills are still the exception rather than the rule.

As Mr. Train pointed out in a recent address, disposing of municipal waste in environmentally unsound ways is not the only deficiency in the current resource use/residuals management picture. It is much more serious than that. The failure to control the amounts of wastes produced in the first place and to recover resources and energy that has become wastes have far-reaching environmental consequences. When two production systems are compared—one using virgin materials, and the other, secondary materials—the system using wastes causes less air and water pollution, generates less solid waste, and consumes less energy.

According to a survey made last year by the Conference of Mayors almost half of our cities will be running out of current solid waste disposal capacity within five years. The cities' management of solid waste will have to be conducted in the face of two critical trends: the volume of solid waste they must handle is going up; the amount of land for disposal sites in urban areas is declining.

In the past 50 years, the amount of waste discarded per person in the United States has doubled. In cities, solid waste volumes are estimated to have almost doubled in the past 20 years. The urban percentage of the total population, now 74 percent, has increased 10 percent since 1950. Between 1958 and 1976, packaging consumption (90 percent of which is disposed) will have increased an estimated 63 percent.

For many decades now, the management of the Nation's solid wastes has been a source of pollution, disease, and hazard. Since 1965, when the issue first received national recognition and a separate Federal program was formed to identify solutions and to lead a coordinated national response, much has been accomplished by all of us at all levels of the society. The states, local government, private sector, universities and research institutes, citizen groups, labor unions, and the Federal government, have together taken the first small steps in the right direction.

But the job is far from finished. In some respects we have not even begun to fight. A strong thrust to bring hazardous wastes under control is just beginning, even as successful air and water pollution control programs are increasing the tonnage of such wastes that must be disposed of on land. Resource recovery—which had been possible decades ago—is only beginning to be given serious consideration. Many waste management systems are still woefully inefficient. And open dumping continues to be the dominant land disposal method in many states and many areas within states.

In large outline, the situation is still much the same as it was in 1965. But to those of us directly involved in the field, it is also obvious that the ice is beginning to break.

From the perspective of a Federal agency charged with environmental protection and resource conservation, the future presents a problem and an opporunity. The problem is environmental degradation and hazard to human health. The opportunity is energy and materials conservation.

Environmental insult and hazard of improper waste management continue in the absence of energetic regulation of land disposal and vigorous enforcement of regulations where they exist. So long as economic pressures tilt the balance toward cheap but sloppy disposal, so long as no consistent and uniform rules exist for private and public operations, and so long as offending sites cannot be closed because no alternatives exist, the necessary transition from poor environmental management to optimum management will not take place as quickly as it should.

For this reason, EPA supports government regulation of land disposal, be it at the state, county, or local level. As air, water, pesticides, ocean dumping, and other laws are implemented, many hazardous substances, sometimes in greatly concentrated form, will be diverted to the land.

The EPA has already reached the decision to seek a Federal standard-setting and regulatory role in the hazardous waste area. Early last year we proposed the Hazardous Waste Management Act. If passed, it would provide for state regulation of hazardous waste storage, treatment, and disposal under Federal standards. And it would permit direct Federal regulation of some extremely hazardous wastes at the discretion of the Administrator of EPA.

With regard to non-hazardous wastes, we will soon publish final guidelines on incineration and land disposal as a guide for state and local regulatory action. While these guidelines are not mandatory for any but Federal facilities and are less stringent than some existing state regulations, they represent a minimum level of control all areas should adopt. Within the limits of our resources, we are committed to aiding states in the establishment and improvement of regulatory and enforcement programs. The progress of states or other jurisdictions in these areas will largely determine whether or not we shall seek a Federal standard-setting role in the future.

The new opportunity in waste management is, of course, resource recovery. The current energy crisis, which is one of the consequences of a style of life which historically has encouraged the careless use of resources and the careless disposal of residuals, makes it very clear that now we must begin to conserve the resources we have while we seek new ones.

At this time, more than ever before, solid waste represents a new, untapped resource.

It is fortunate and serendipitous that EPA's developmental and demonstration efforts in this area have been successful in showing that energy can be obtained from solid waste in various forms and at an attractive cost vis-a-vis processing for disposal.

In the area of resource recovery, our technical assistance and demonstration activities help bring about the potential energy savings which can be realized through: (1) employing solid waste as a direct energy source; (2) saving energy through increased recycling of materials; and (3) conserving energy through source reduction practices.

In the area of solid waste collection and disposal, our efforts also encourage a significant savings in fuel by providing information and technical assistance to cities for the purpose of enhancing productivity and efficiency in the collection and disposal of solid waste.

SOLID WASTE AS A DIRECT ENERGY SOURCE

About 125 million tons (1971) of solid waste are generated each year from homes and commercial establishments (offices, stores) across the country. About 70 to 80 percent of this is combustible and can be converted into energy using modern technology.

Some of this technology is being demonstrated by EPA. EPA's demonstration project in St. Louis, Missouri, converts solid waste into a low sulfur fuel that can be used as a supplement to coal in power plant boilers. Every ton of solid waste can be converted into 900 kilowatts of electricity.

Two other EPA-supported projects, one in Baltimore, and one in San Diego, will convert solid waste into a combustible gas or oil using a process called pyrolysis. Operations begin in late 1974 or 75.

If energy recovery were practiced in all SMSAs in the United States, about 800 trillion BTUs would be recovered annually. This corresponds to the energy in about .4 million barrels of oil per day. By comparison, this is equal to 5½ percent of the fuel requirements of all electric utilities, 12 percent of the coal used by electric utilities, and about 1 percent of all the energy consumed in the United States in 1970.

SAVING ENERGY THROUGH INCREASED RECYCLING OF MATERIALS

The technical feasibility of recycling materials from the municipal solid waste stream is becoming increasingly well demonstrated. Recycling of these materials requires considerably less energy per ton than it does to mine, transport, and refine the virgin raw materials. Had currently-known technology been applied in 1972 to the household and commercial solid wastes of our metropolitan areas, almost 14 million tons of recovered steel, aluminum, and glass could potentially have been substituted for their virgin material counterparts. Such a substitution would have yielded a national primary energy saving of about 170 trillion BTUs, or the equivalent energy content of 30 million barrels of crude oil. The potential for 1985, based on projected material use, is about double this 1972 level, or equivalent to 60 million barrels of crude oil.

ENERGY SAVINGS FROM SOURCE REDUCTION

Material developed through studies conducted by EPA indicates that changes in consumer habits and practices can also make a significant contribution to meeting our energy needs. This occurs in many ways. When a consumer takes his own shopping bag to a grocery store or purchases a smaller automobile than he previously owned, energy savings are being realized.

When a consumer uses a refillable bottle, he can save at least 50 percent of the energy that would have been required to produce a nonreturnable bottle or can. If all consumers used returnable bottles, 244 trillion BTUs of energy would be saved each year.

The consumption of less packaging also saves energy. For example, if each individual consumed no more packaging in 1972 than he did in 1958, we could have saved almost 600 trillion BTUs in 1972, the equivalent of .3 million barrels of oil per day.

FUEL SAVINGS IN THE COLLECTION AND DISPOSAL OF SOLID WASTE

Solid waste collection is an essential service which is highly dependent on fuel. It involves the operation of over 100,000 vehicles, which consume an estimated 287 mil-

lion gallons of gasoline and 163 million gallons of diesel fuel per year. Through our solid waste management technical assistance program to states and local governments, we are encouraging changes which could result in the greatest fuel savings commensurate with the need to properly and safety carry out the vital public service of solid waste management.

Significant amounts of fuel savings can be achieved very quickly by instituting certain short-range changes, as follows: (1) *decreased frequency of residential collection.* If those communities which presently collect solid waste twice per week were to collect once per week, a fuel savings of 29 percent could be achieved; (2) *elimination of special pickups,* particularly when no resource recovery or other desirable purpose is achieved. Communities which collect separately certain items such as food wastes, which end up at the same disposal site as other components of the waste stream which are collected, would cut their fuel requirement in half; (3) *improved vehicle routing procedures* would result in a fuel saving of 5 percent in those communities where it is needed; (4) other short-term changes which would save significant amounts of fuel include minimizing separate pickups for bulky items, and improved waste storage practices and procedures.

Implementation nationally of alterations (1) and (3) in current operations could result in an annual savings of 18.2 million gallons of diesel fuel and 39.1 million gallons of gasoline. This amounts to 1.8 percent of the projected shortfall of gasoline and 3.0 percent of the projected industrial shortfall of diesel fuel.

Waste is a *big* energy resource. To paraphrase a TV commercial, "a nation that runs on oil can't afford to waste its garbage."

Energy recovery is accompanied by materials recovery as well. In fact, removal of non-combustible portions of the waste stream is desirable to achieve energy recovery. Energy recovery is not in conflict with separate collection of corrugated, news, and other paper fractions for recycling.

Nor, for that matter, is there any conflict between recovery and older approaches to waste management. Recovery is merely the latest tool in the hands of the progressive waste manager. It minimizes land requirements for disposal, it lowers the costs of processing, and it allows waste management to become what it should be—a part of the national resource management system.

Although the technology is coming along, the economics are attractive, and markets for materials have significantly improved, implementation of resource recovery on a large scale is still ahead of us.

It will require a major cooperative effort on the part of many different organizations to make that happen—local government and private sector waste contractors, energy and materials-consuming organizations, state governments, and the national government.

The states, in my opinion, can and should play a major role in implementing municipal waste recovery. The innovative approach taken in the State of Connecticut—where a state-wide implementation planning effort, a strong regulatory thrust aimed at land disposal, and a new institution with fiscal and operating powers were combined—certainly merits study by other states and emulation where regional conditions indicate its applicability.

In resource recovery and conservation, the Federal government must take a strong leadership position as well. Working with the private sector and state and local government, we plan to promote and work hard to obtain the acceptance and widespread adoption of recovery—not only because it is manifestly the best alternative to disposal, but because advocacy of energy and resource conservation is a proper Federal role and results in significant national benefit.

Recycling is impeded largely by institutional problems, and the Federal contribution with the greatest potential pay-out is technical and implementation assistance to help states and communities initiate programs, reach the right technical decisions, obtain financing, and secure markets.

Our assistance efforts related to resource recovery will be closely linked with the promotion of good regulatory practices because, where cheap disposal options are denied, resource recovery becomes more feasible economically. In a strategic sense, the optimum approach to solving the solid waste problem must rely on a two-pronged thrust—environmental upgrading on the one hand, and recovery on the other. These thrusts depend on one another and are mutually supportive.

Finally, in the resource conservation area, we shall vigorously pursue actions at the Federal level to change Federal policies that impede recycling and to urge conservation by source reduction and other means where they can be achieved with minimum economic dislocation.

I have described, in outline form, the most important areas of Federal action and emphasis. We shall stress, in the coming year, the two areas which are relatively new—hazardous waste management and resource recovery. But this will be done without neglecting assistance to states and communities related to conventional waste management functions. To solve the problems and to take advantage of the opportuntiy, no facet of the field can be neglected.

Before I begin to answer your questions, I should like to place special emphasis on the St. Louis Boiler Demonstration, which I mentioned earlier.

From a very practical point of view, it holds by far the most promise for rather quick application in a number of cities of any energy resource recovery technology currently available. In this demonstration, which is being conducted by the City of St. Louis and the Union Electric Company, with EPA support, shredded residential refuse is being burned with pulverized coal in a full-size steam electric generating boiler.

Residential refuse is first shredded. Then the shredded refuse is separated into combustible and non-combustible portions by a system of air classification.

The combustible portion is taken by truck to the Union Electric Company's Meramec Plant, where the prepared waste is burned with pulverized coal in a full-size (125 megawatt) steam electric generating boiler. Waste fuel replaces 15 to 20 percent of the coal burned in each boiler. About 5 percent of the electricity generated in the St. Louis area would be supplied by recovering energy from the residential and commercial waste discarded in the area.

The non-combustible portion is processed to remove magnetic metals, which are sold to the Granite City (Illinois) Steel Company, a division of National Steel.

The processing plant was designed for a capacity of 300 tons per shift, two shifts per day. Operating problems have limited daily throughput to about 200 tons per day. Nevertheless, we are very encouraged by the results of the first year of operating experience, particularly with the operation of the boiler.

There are still two important technical questions that must be resolved: air emissions and water pollution. We have conducted tests, and we expect results in about a month. All of the remaining problems and questions are economic, rather than technical, in nature. Our test and evaluation program in the next six months will address many of these questions.

I am pleased to report that this St. Louis demonstration has attracted the interest of utilities and municipal officials across the country. Cities where a plan to use solid waste as auxiliary fuel to generate electricity is under serious consideration, or a definite commitment to the plan has been made, include New York, Chicago, Philadelphia, Detroit, Washington, D.C. (including suburban Maryland and Virginia), Boston, St. Louis, Baltimore, Cleveland, Milwaukee, San Diego, Buffalo, Monroe County, N.Y., Memphis, Albany, Akron, Nashville, Knoxville, Bridgeport, and Brockton, Massachusetts.

Here in the St. Louis demonstration, we have convincing evidence of a large, virtually untapped energy source for the country. We calculate that our large urban areas (the Standard Metropolitan Statistical Areas)—where solid waste can be profitably used as fuel—generate about 90 million tons of residential and commercial solid waste each year.

About 70 to 80 percent of this waste can be burned. If that combustible waste were used as fuel, we would have an energy recovery of 800 trillion British Thermal Units annually, the equivalent of 150 million barrels of oil a year.

That's enough energy to light our homes and commercial establishments all year long. It's also equal to 27 percent of the oil projected to be delivered through the Alaskan pipeline.

Resource Recovery, Source Reduction, and Energy

Questions and Answers

Q. How does resource recovery save energy?

A. Burning solid waste is using it as a direct energy source. This also is a conservation of energy that would otherwise have been used by burning coal, gas, or oil. Energy also is saved through the increased recycling of materials; it normally takes more energy to manufacture a product using virgin materials than secondary materials. For example: manufacturing steel with iron ore instead of scrap iron and steel.

Q. What is source reduction?

A. Source reduction is a reduction in the consumption of materials and products that also results in a reduction in the generation of waste. The use of refillable soft drink and beer bottles—reducing the amount of materials needed for beverage containers—is an example of source reduction. Another example is the reduction in paper packaging that goes beyond the need for protection, containment and sale of a product.

Q. How does source reduction save energy?

A. The reduction in the consumption of materials for a product means a conservation of the energy needed to make the product. (It also means a conservation of the materials, and reduced damage to the environment.)

Q. What is the most practicable thing cities can do today about resource recovery?

A. Officials in many cities should be seriously considering the use of mixed municipal waste as auxiliary fuel to make electricity. This would ordinarily be accompanied by removal of at least the magnetic metals for recycling. Such a system is now being demonstrated in an EPA-supported project in St. Louis by the city and the Union Electric Co. In this case, the solid waste is burned along with pulverized coal. In an existing utility boiler, every ton of this solid waste is converted into 900 kilowatts of electricity. Using an existing boiler saves the cost of building a new one and assures a market for electricity.

Q. Can you identify cities where the technology of burning waste to make electricity might be applied?

A. Energy recovery is under consideration in 20 metropolitan areas. They are: New York, Chicago, Philadelphia, Detroit, Boston, Washington, D.C., Cleveland, St. Louis, Balti-

more, Milwaukee, San Diego, Buffalo, Memphis, Rochester, Bridgeport, Albany, Akron, Nashville, Knoxville and Brockton, Massachusetts.

Q. Just how large a contribution would the burning of solid waste make towards the energy shortage?

A. A substantial amount. About 100 million tons of solid wastes are generated each year from homes, offices and stores in urban areas across the country. About 70 to 80 percent of this is combustible and can be converted to energy. If energy recovery were practiced in all Standard Metropolitan Statistical areas in the United States, about 800 trillion British Thermal Units would be recovered annually. This corresponds to the energy in about 400,000 barrels of oil per day. This equals (1) five and one half percent of the fuel requirements of all electric utilities; (2) 12 percent of the coal used by electric utilities; (3) about one percent of all the energy consumed in the United States in 1970.

Q. Will energy recovery systems require landfill space?

A. Yes. Every system leaves a residue of about 5 to 10 percent of the incoming volume of waste. Also, construction and demolition debris, land clearing wastes, and some other wastes cannot be processed by an energy recovery system.

Q. Are there any other technologies that involve the use of solid wastes as fuel?

A. Yes. EPA is supporting demonstrations in San Diego County, California, and Baltimore, Maryland of a thermal process called pyrolysis. In San Diego, the wastes will be converted through pyrolysis to a low-grade fuel oil. In Baltimore the wastes will be converted to a synthetic gas, which will be lighted and used to provide heat or air conditioning to office buildings.

Q. How can energy be saved through recycling?

A. Recycling of materials recovered from municipal solid waste stream requires considerably less energy per ton than it does to mine, transport, and refine the virgin raw materials. Had currently known technology been applied in 1972 to the household and commercial solid wastes of our metropolitan areas, almost 14 million tons of recovered steel, aluminum, and glass could potentially have been substituted for their virgin material counterparts. Such a substitution would have yielded a national primary energy savings of about 170 trillion BTU's, or the equivalent energy content of 30 million barrels of crude oil. The potential for 1985, based on projected material use, is about double this level, or the equivalent of 60 million barrels of crude oil.

Q. What can be done to conserve energy through source reduction?

A. Consumers themselves make a contribution here. When a consumer takes his own shopping bag to a grocery store or purchases a smaller automobile than he previously owned, energy savings are realized. When a consumer uses a refillable bottle, he can save approximately 50 percent of the energy that would have been required to produce a nonreturnable bottle or can. If all consumers used returnable bottles, 244 trillion BTU's of energy would be saved each year, the equivalent of 115,000 barrels of oil per day.

The consumption of less packaging also saves energy. For example, if each individual consumed no more packaging in 1972 than he did in 1958, we could have saved almost 600 trillion BTU's in 1972, the equivalent of 300,00 barrels of oil per day.

Q. Just how important is packaging in the solid waste problem?

A. Packaging is the largest single product class in the solid waste stream. It constitutes approximately 30 to 40 percent of municipal waste. Packaging also accounts for about 47 percent of all paper production, 15 percent of aluminum production, 75 percent of glass production, close to 9 percent of steel production, and approximately 29 percent of plastics production.

There has also been a spectacular rise in packaging consumption. In 1958, packaging material consumption equalled 412 pounds per person. By 1971, this figure rose to 591 pounds, a growth rate of 43 percent. This rate has far outstripped the rise in consumption of the materials being packaged. Overall, for example, the consumption of food in the United States increased by 2.3 percent by weight on a per person basis between 1963 and 1971. During the same period, the tonnage of food packaging increased by an estimated 33.3 percent per person. Obviously, all this growth in packaging consumption means increased consumption of raw materials and energy and an increased generation of solid wastes.

Q. What can be done to decrease packaging consumption?

A. The situation calls for both consumers and industry to make changes along these lines: (1) *Increasing the average package size produced and consumed.* The trend toward small containers is costly in terms of resources used and wastes generated. One estimate, for example, finds that the elimination of all tomato juice cans smaller than 32 ounces in 1971 would have brought about a reduction in steel use of 19.6 percent for this product. (2) *Eliminating overpackaging.* The day is gone when all packages were used only to contain and protect a product. Many single products are now sold in two packages, one to contain the product and one to advertise it. Many premium wines, for example, are sold in bottles placed in sculptured cartons for shelf appeal. (3) *Reusing packaging.* Consumers discard about 90 percent, by weight, of all packaging within one year of purchase. Except for refillable bottles and refillable cartons, consumer packages are invariably used only once. There can be no doubt that an increase in the reuse of packaging would reduce energy consumption (as well as reduce environmental discharges and the use of materials). To take one example: If 1,000 tons of corrugated containers were used five times instead of once, 30 percent less energy would be used.

Q. What about the Oregon bottle law? Isn't that an example of source reduction?

A. Yes. Oregon's law, enacted in 1972, calls for a mandatory deposit on beverage containers. The law has succeeded in making marked reductions in roadside litter, and in eliminating the use of the no-return bottle. It also drastically curtailed the use of beverage cans, causing some unemployment in the container manufacturing and canning industries.

Q. Can fuel savings be effected in the collection and disposal of solid waste?

A. Yes. Significant amounts of fuel savings can be achieved quickly by instituting certain short range changes, as follows: (1) decreased frequency of residential collection. If those communities which now collect solid waste twice per week were to collect once per week, a fuel savings of 29 percent could be achieved; (2) elimination of separate pickups. Communities which collect separately certain items such as food wastes that end up at the same disposal site as other wastes would cut their fuel requirement in half; (3) improved vehicle routing procedures would result in a fuel saving of five percent nationwide; (4) other short term changes which would save significant amounts of fuel include minimizing separate pickups for bulky items, and improved waste storage practices and procedures. Implementation nationally of alterations (1) and (3) alone could bring about an annual savings of 18.2 million gallons of diesel fuel and 39.1 million gallons of gasoline. This amounts to 1.8 percent of the projected shortfall of gasoline and 3.0 percent of the projected industrial shortfall of diesel fuel.

EPA PRESS BRIEFING ON SOLID WASTE MANAGEMENT AND ENERGY

The activities that the Environmental Protection Agency carries out under the Resource Recovery Act of 1970 have several significant positive impacts on the energy problem.

In the area of *resource recovery*, our technical assistance and demonstration activities help bring about the potential energy savings which can be realized through: (1) employing solid waste as a direct energy source; (2) saving energy through increased recycling of materials; and (3) conserving energy through source reduction practices.

In the area of *solid waste collection and disposal*, our efforts also encourage a significant savings in fuel by providing information and technical assistance to cities for the purpose of enhancing productivity and efficiency in the collection and disposal of solid waste.

SOLID WASTE AS A DIRECT ENERGY SOURCE

About 125 million tons (1971) of solid waste are generated each year from homes and commercial establishments (offices, stores) across the country. About 70 to 80 percent of this is combustible and can be converted to energy using modern technology (Attachment 1).

Some of this technology is being demonstrated by EPA (Attachment 2). EPA's demonstration project in St. Louis, Missouri, converts solid waste into a low sulfur fuel that can be used as a supplement to coal in power plant boilers. Every ton of solid waste can be converted into 900 kilowatts of electricity.

Two other EPA supported projects, one in Baltimore, and one in San Diego, will convert solid waste into a combustible gas or oil using a process called pyrolysis. Operations begin in late 1974 or 75.

If energy recovery were practiced in all SMSAs in the United States, about 800 trillion BTUs would be recovered annually (1970 data) (Attachment 3). This corresponds to the energy in about .4 million barrels of oil per day. By comparison, this is equal to (1) ⅓ of all the power supplied by hydroelectric plants, (2) 5½ percent of the fuel requirements of all electric utilities, (3) 12 percent of the coal used by electric utilities, and (4) about 1 percent of all the energy consumed in the United States in 1970.

SAVING ENERGY THROUGH INCREASED RECYCLING OF MATERIALS

The technical feasibility of recycling materials from the municipal solid waste stream is becoming increasingly well demonstrated. Recycling of these materials requires considerably less energy per ton than it does to mine, transport, and refine the virgin raw materials. Had currently-known technology been applied in 1972 to the household and commercial solid wastes of our metropolitan areas, almost 14 million tons of recovered steel, aluminum, and glass could potentially have been substituted for their virgin material counterparts. Such a substitution would have yielded a national primary energy saving of about 170 trillion BTUs, or the equivalent energy content of 30 million barrels of crude oil. The potential for 1985, based on projected material use, is about double this 1972 level, or equivalent to 60 million barrels of crude oil. (See attachments 4 and 5)

ENERGY SAVINGS FROM SOURCE REDUCTION

Material developed through studies conducted by EPA indicates that changes in consumer habits and practices can also make a significant contribution to meeting our energy needs. This occurs in many ways. When a consumer takes his own shopping bag to a grocery store or purchases a smaller automobile than he previously owned, energy savings are being realized.

When a consumer uses a refillable bottle, he can save at least 50 percent of the energy

that would have been required to produce a nonreturnable bottle or can. If all consumers used returnable bottles, 244 trillion BTUs of energy would be saved each year.

The consumption of less packaging also saves energy. For example, if each individual consumed no more packaging in 1972 than he did in 1958, we could have saved almost 600 trillion BTUs in 1972, the equivalent of .3 million barrels of oil per day. (See attachments 6 and 7)

FUEL SAVINGS IN THE COLLECTION AND DISPOSAL OF SOLID WASTE

Solid waste collection is an essential service which is highly dependent on fuel. It involves the operation of over 100,000 vehicles, which consume an estimated 287 million gallons of gasoline and 163 million gallons of diesel fuel per year. Through our solid waste management technical assistance program to states and local governments, we are encouraging changes which could result in the greatest fuel savings commensurate with the need to properly and safely carry out the vital public service of solid waste management.

Significant amounts of fuel savings can be achieved very quickly by instituting certain short-range changes, as follows: (1) *decreased frequency of residential collection.* If those communities which presently collect solid waste twice per week were to collect once per week, a fuel savings of 29 percent could be achieved; (2) *elimination of special pickups,* particularly when no resource recovery or other desirable purpose is acheived. Communities which collect separately certain items such as food wastes, which end up at the same disposal site as other components of the waste stream which are collected, would cut their fuel requirement in half; (3) *improved vehicle routing procedures would* result in a fuel saving of 5 percent in those communities where it is needed; (4) *other short-term changes* which would save significant amounts of fuel include minimizing separate pickups for bulky items, and improved waste storage practices and procedures.

Implementation nationally of alterations 1 and 3 in current operations could result in an annual savings of 18.2 million gallons of diesel fuel and 39.1 million gallons of gasoline. This amounts to 1.8 percent of the projected shortfall of gasoline and 3.0 percent of the projected industrial shortfall of diesel fuel. (See attachment 8)

ATTACHMENT 1

Quantity and composition of residential and commercial solid waste

	Percent weight
Combustible:	
Paper	31
Plastics	3
Rubber and Leather	3
Textiles	1
Wood	4
Food Wastes	18
Yard Wastes	19
Total	79
Non-Combustible:	
Glass	10
Metals	10
Miscellaneous	1
	21
Total	100

NOTE.—Recycling of paper would reduce heating value of waste by about 10%. (Not all paper can or would be recycled.)

ATTACHMENT 2

FUNDING OF FEDERAL DEMONSTRATION PROJECTS

[In millions of dollars]

Grantee	Type	Federal share	Total cost
St. Louis, Mo.	Solid waste as fuel	2.6	3.9
Baltimore, Md.	Pyrolysis gas	6.0	16.2
San Diego, Calif.	Pyrolysis oil	3.0	4.0
Delaware	Solid waste as fuel plus pyrolysis.	9.0	13.8
Total		20.6	37.9

ATTACHMENT 3

ENERGY RECOVERY FROM SOLID WASTE

Conversion Factors: 4500 BTU per pound of solid waste; 9 million BTU per ton of solid waste; 5.3 million BTU per barrel of oil.

Population of all SMSAs in 1970, 139.4 million persons.

Waste generation per person per year × .657 tons.

Total waste generated in SMSAs, 91.6 million tons.

BTUs per ton of waste × 9 million.

Energy recoverable from SMSA waste, 824 trillion BTUs.

BTUs in a barrel of oil ÷ 5.8.

Equivalent barrels of oil, 142 million ÷ 365 days.

Equivalent barrels of oil per day, .389 = .4.

ATTACHMENT 4

BACKGROUND MATERIAL ON SAVING ENERGY THROUGH INCREASED RECYCLING OF MATERIALS

Today, only negligible quantities of post-consumer solid waste generated by households, commercial businesses, and institutional establishments are processed for material recovery. However, a growing body of engineering evidence tells us that well-designed, large-scale material recycling systems are generally much less energy consuming than corresponding systems of virgin material supply. Thus, if we compare the total system energy requirements to mine, transport, and refine the virgin raw materials against the energy required to extract, transport, and reprocess similar materials from the Nation's solid waste stream, we would find, for example, that recycled aluminum would require about 200 million BTU less per ton than virgin aluminum, and that recycled iron and steel consumes about 12 million BTU per ton less than its virgin counterpart. These are the two most prominent metals in our industrial economy, as well as in municipal refuse. We estimate that in 1972 alone, almost one million tons of aluminum and over 10½ million tons of ferrous metals were discarded as community solid wastes. Add to this about 13 million tons of glass, and one has accounted for the bulk of the mineral content of our municipal solid wastes.

ATTACHMENT 5

BASES OF ESTIMATED NATIONAL ENERGY SAVINGS FROM RECYCLING ALUMINUM, FERROUS, AND GLASS FRACTIONS OF SOLID WASTE

Assumptions

1. Projection of total "available" post-consumer aluminum, ferrous, and glass waste consistent with recent RRD composition estimates were based on the Midwest Research Institute Baseline Projections contract.

2. It was assumed that 100% of the waste generated in Standard Metropolitan Statistical Areas would be processed; this amounts to roughly 70 to 74% of total U.S. generation between 1972 and 1990.

3. *Recovery process efficiencies* were assumed as follows: Aluminum—65–75%; ferrous—90%; glass—70%, based on MRI research.

4. *Energy savings per ton of material recycled* were taken as follows, based on an assessment of available literature and current ongoing contract work (in 10^9 BTU/ton of material recovery):

Aluminum	200
Ferrous	12
Glass	1.3

SUMMARY OF PROJECTED SAVINGS, 1972–90

[In trillion Btu]

Materials [2]	Estimated annual energy savings [1] 1972	1975	1980	1985	1990
Aluminum (46–56 percent)	82	115	164	212	274
Ferrous (63–67 percent)	81	87	95	107	116
Glass (50–52 percent)	8	13	15	16	16
Total energy	171	215	274	335	406

[1] Energy savings are based on "total system" analyses, which consider primary energy required for new material acquisition and for electricity input, as well as principal refining processes for both virgin material and recycled material.

[2] Figures in parentheses indicate percent of the individual material in nationwide solid waste assumed to be recoverable from a "maximum possible" recovery effort.

ATTACHMENT 6

POTENTIAL SAVINGS THROUGH REDUCTION OF PACKAGING TO 1958 PER CAPITA CONSUMPTION LEVELS

Packaging material	Total consumption (10^3 tons) 1958	1971	Per capita consumption (pounds) 1958	1971	Total consumption, 1971 (at 1958 per capita rate)	Potential material savings (10^3 tons)	Potential energy savings (10^{12} Btu)
Paper	16,552	27,700	193.0	271.3	19,747	7,953	324.5
Glass	5,933	11,100	69.2	108.7	7,078	4,022	61.5
Steel	6,198	7,255	72.3	71.1	7,394	[1] 139	[1] 4.2
Aluminum	97	757	1.1	7.4	116	641	126.0
Plastic	368	2,900	4.3	28.4	439	2,461	88.6
Other (wood, etc.)	6,212	10,613	72.4	103.9	7,411	3,202	
Total	35,360	60,325	412.4	590.8	42,185	18,140	596.4

[1] Potential energy savings in steel are negative as per capita consumption of steel packaging decreased between 1958 and 1971.

Source: Energy consumption data provided by Gordian Associates, Inc.

ATTACHMENT 7

BEVERAGE CONTAINER ENERGY CONSUMPTION [1] (1972)

Container type	Beverage delivered [2] (million ounces)	Energy consumed per million ounces [3] (Btu×10⁶)	Total energy consumed (Btu×10¹²)
Refillable bottle [4]	293,554	184	54
Bimetallic can	348,775	443	154
1-way glass bottle	260,989	551	144
Aluminium can	104,336	748	78
Total current system	1,007,654		430
All refillable system	1,007,654		186
Saving			244

[1] Beer and soft drink only.
[2] Source: Midwest Research Institute, Baseline Forecasts of Resource Recovery, Draft Report.
[3] Source: Midwest Research Institute, Environmental Impacts of 9 Beverage Container Systems, Draft Report.
[4] Assumes that each bottle makes 10 trips.

ATTACHMENT 8

ANALYSIS OF FUEL CONSUMPTION FOR SOLID WASTE MANAGEMENT

FOREWORD

On December 21, 1973, the Office of Solid Waste Management Programs wrote to the Administrator of the new Federal Energy Office, William E. Simon, in response to the Proposed Mandatory Fuel Allocation Regulations published on December 13, 1973, in the *Federal Register*. In this letter, the health and environmental importance of solid waste management was emphasized, and it was suggested that "sanitation services" be included in the "emergency services" section to insure the highest priority for the continuity of this vital service in any fuel allocation program.

Following is an analysis of fuel consumption for solid waste collection, transport, and disposal. It does not include processing because of limited available information on these systems. However, collection, transport, and disposal represent the current major energy consumption functions of the field.

This document is intended to show how solid waste management agencies can, in turn, help conserve fuel as well as to describe the industry, its fuel consumption characteristics, and factors which should be considered in a fuel allocation program.

1. Solid waste management trends and characteristics impacting fuel consumption:

There are many factors which increase the requirements for solid waste collection and sanitary landfill equipment, and thereby increase the fuel resources needed for solid waste management:

1.1 Ten percent yearly *increase in the amount of waste* to be collected resulting from population and per capita waste generation increases and the banning of open burning.[1]

1.2 *Increases in* the number of *residences receiving collection service*, particularly in rural and formerly rural areas and areas changing from optional to mandatory collection.

1.3 *Expanded levels of service* resulting from state and local health and sanitation standards, such as increased frequency of collection.

1.4 Increasing *further haul distances* to disposal facilities because of lack of availability of suitable land, public pressures, and environmental laws. Typical haul distances for major cities are: [2]

	Miles
Chicago	20–30
Milwaukee	30
Pittsburgh	30
Portland, Oregon	30
San Francisco	35
St. Paul	20
Washington, D.C.	35

The longer haul distances have resulted in the tendency to purchase larger and heavier vehicles which consume more fuel both on and off the route, but reduce the number of trips required.

1.5 *Increased traffic congestion* and *hours of operation limited* to congested hours because of noise pollution regulations or citizen desires.

1.6 *Increase in collection of separated materials* for resource recovery, particularly newspaper, via piggyback (bin on packer) or separate collection, and subsequent hauls to different discharge points.

1.7 *Air pollution control equipment* to meet emission standards has decreased fuel economy on packer trucks.

1.8 Federal and State air and water pollution standards, and pressures from EPA (Mission 5000) to *convert open and open-burning dumps to sanitary landfills* means the use of earth-moving equipment and waste compactors where few or none were previously used.

2. Factors which impact fuel allocation programs that are based on the previous year's deliveries:

2.1 Currently about *70% of all new packers are diesel-powered* [3] and the trend is for this to increase. With a 4 to 6 year replacement life and the additional trucks required, the average annual *fleet replacement* [4] *rate is 15% per year*. Thus, diesel packers are replacing gasoline packers rather rapidly, changing the fuel demand.

2.2 On a local level, *changes in collection agency* (from municipal collection to private, private municipal, or one private firm to another) and *conversion of open* (often burning) *dumps to sanitary landfills* using earth-moving and waste-compaction equipment to comply with environmental laws change the fuel demands for each collection agency.

2.3 Fuel, deliveries on a monthly basis don't necessarily correspond to monthly fuel consumption. Thus, in 1972 Scottsdale, Arizona, had fuel deliveries the end of October, and the beginning of December with none in November. Based on last year's deliveries Scottsdale's allocation was zero for November, and on November 16, 1973, it ran out of its supply of diesel fuel for the month.

2.4 Initiation of new sanitary landfill operations or upgrading of previously existing disposal operations. These activities require fuel for equipment which was not used in the previous year.

2.5 As discussed in Section One, many factors affecting the solid waste industry increase its fuel requirements.

3. Solid Waste Collection. In this section, estimates for national fuel consumption and potential fuel-saving measures for solid waste collection are presented.

3.1 Estimate of the Number of Solid Waste Collection Vehicles in the United States. As shown below, there are approximately 103,165 collection vehicles in the U.S., of which 74 percent are packer trucks.[5] The private sector operates 59.8% and the public sector operates 40.2%.

[1] Sources: (1) *The Impact of the Middle Distillate Fuels Mandatory Allocation Program on Refuse Collection and Disposal Services Summary Report*, NSWMA, December 18, 1973. (2) AMS case studies, 1972–73. (3) Southeastern Oakland County Incinerator Authority (SEOCIA), 7% compounded, 10% simple, 1960–73.
[2] op. cit., NSWMA, December 18, 1973.
[3] op. cit. NSWMA, December 18, 1973.
[4] Sources: (1) op cit. NSWMA, December 18, 1973. (2) American City Magazine, Survey of Municipal Fleets, November 1973 issue. (3) Phone conversation with Heil Co. representative on January 10, 1974 reveals 13.5% equipment turnover in both census regions 2 and 8 with an average life of 6 years/packer from a nationwide survey conducted in December 1973, in which over 1,000 responses were received and only 2 regions have been compiled to date.
[5] Sources: (1) NSWMA/AMS/EPA, Survey of the Private Sector, 1972. (2) American City magazine, Survey of Municipal Fleets, November 1973 issue. (3) Phone conversation with Heil Co. representative, an. 3, 1974.

These figures do not include vehicles used by residential and commercial accounts which haul their own wastes, including many demolition/construction wastes.

	Packers					
	Front loaders	Side and rear loaders	Rolloff tractor	Open (stake) trucks	Others: hoist-type container, trains, satellite vehicle	Tota
Public agencies	1,000	34,000	0	4,000	2,500	41,500
Private firms	7,670	33,932	6,496	7,327	6,240	61,665
Total	8,670	67,932	6,496	11,327	8,740	103,156

As shown below 69.8% of these vehicles are used in residential and 30.2% for commercial collection, 41% are diesel-powered and 59% are gasoline-powered.

	Packers	Roll-off	Open and others	Total
Diesel:				
Residential	24,456	0	0	24,456
Commercial	11,387	6,496	0	17,883
Gas:				
Residential	36,683	0	10,911	47,594
Commercial [1]	4,076	0	9,156	13,232

[1] Commercial includes large apartment complexes serviced by bulk bins.

3.2 Estimated Annual Fuel Consumption for Solid Waste Collection. Fuel consumption for residential packer trucks is as much a function of time (hours of usage) as miles driven. First, packers spend hours each day idling on the route while the collectors are handling wastes (particularly for backyard service), and second, the hydraulic compaction mechanism consumes substantial fuel, usually while the vehicle remains idle or by running an auxiliary engine. Indeed, the nine curbside systems on the DAAP [6] show 42.6% on route-idling, 20.7% on-route driving, 30.3% off-route transport and dump, and 6.4% compaction times. For backyard systems idling time is even more (61%) while off-route transport and dump (21%), on-route driving (13%), and compaction times are less.

As shown in the table below, 72.6% of the

[6] Data Acquisition and Analysis Program (DAAP), OSWMP, EPA Project, 1972–74.

fuel used for solid waste collection is consumed in residential collection.

[Gallons per year]

	Commercial collection [1]	Residential collection [2]	Sum
Diesel	58,119,750	103,263,010	161,382,760
Gas	64,506,000	222,150,860	286,656,860
Total	122,625,750	325,413,870	448,039,620

[1] Based on (i) each vehicle travels 75 mi/d (St. Petersburg, Fla., reports 75 to 80 mi/d for its front loaders); (ii) each vehicle is used 260 d/yr; (iii) diesel vehicles get 6 mi/gal (17,883 vehicles), reported values range from 3 to 10 mi/gal; (iv) gas vehicles get 4 mi/gal (13,232 vehicles), reported values range from 1.9 to 8 mi/gal.

[2] These figures are based on the calculations shown in appendix A, sec. 4.

3.3 Potential Savings Resulting from Change in Frequency of Collection. There are many changes that can be implemented to conserve fuel. The change with greatest potential savings for any specific community, with only very minor or no negative environmental impact, and one that is readily implementable is to change from 2/wk to 1/wk collection.

Twice-a-week collection frequency is received by 43.6% of the population in the United States.[7] For relatively efficient systems, 23 to 33 percent fewer vehicles will be required for one/week than 2/wk collection.[8] Using a 29% vehicle reduction and fuel savings potential for all systems which convert from 2/wk to 1/wk collection, 12.6% of the residential vehicles used in the United States can be reduced. This analysis assumes that 6.6% other than 2/wk or 1/wk collection frequency areas are inner-city and cannot change to a lesser frequency. The potential national fuel savings for conversion from twice to once-a-week collection is:

Diesel: 13,011,139 gal/yr or 849 B/day.

Gas: 27,991,008 gal/yr or 1,826 B/day.

This potential fuel savings expressed as a percent of the projected national shortage is:

Diesel, industrial sector: 849 B/Day over 40,000 B/Day=2.1%; gasoline: 1,826 B/Day over 1,412,000 B/Day=.13%.

3.4 Other Collection Fuel Saving Potentials:

(i) Conversion of all concrete storage bins and 55 gallon drums for storage to bulk bins, conventional cans, or paper/plastic sacks could result in another 15 to 25 percent savings. (Must consider, however, the use of petroleum products for plastic sacks rather than fuel, and possible fuel consumption to distribute substitute containers) .

(ii) Better residential routings: 5% savings potential.

(iii) Utilization of transfer stations. Rather than each packer traveling the ever-increasing distance to landfills, have fewer transfer riggs make the trip. A 10% savings potential exists here.

(iv) Decreased frequency of commercial collections.

(v) Reduction in the overlap of resources caused by open competition whereby several private collection firms may collect on the same street.

(vi) Reduction in separate collections and special pickups. Several communities still though all wastes frequently end up in the separate food wastes or noncombustibles even same disposal site. This duplication of collection systems (often garbage only by city and rest of the waste by private haulers) should be eliminated. Bulky item collections could be less frequent, or temporarily suspended.

(vii) Better vehicle loadings can be achieved, and more efficient collection methods can be employed (more efficient vehicle sizes, and types, crew sizes, collection from one side of the street at a time).

(viii) Rural systems could go to transfer bins or stations to eliminate the longer hauls by the individual residential waste generators.

(ix) Placement of waste on one side of the street for collection (opposite the side with cars for one side of the street parking). Clustering of waste along the street to reduce the number of stops.

4. Solid Waste Disposal:

This section deals specifically with land disposal equipment, i.e., tractors, scrappers and draglines. These equipment types are the major fuel consumers at land disposal sites.

4.1 Estimated Total Pieces of Equipment on All Disposal Sites:

An accurate count of the number of disposal site machines in operation at this time is difficult, but estimates were made using the 1968 survey.[11] From the information available, the following number of equipment types have been determined. The estimates are based on the 1968 sote survey [11] and an estimated growth of approximately 3%/year in number of sites and equipment.

	Year (number of sites)	
	1968	1974 [1]
Equipment type	(15,730)	(18,380)
Draglines (or shovel-type excavators)	702	820
Scrapers (self-propelled)	542	630
Tractors (bulldozers and loaders) (tracked and rubber-tired)	7,283	8,500

[1] Projected linearly.

Because of the recent emphasis on sanitary landfills (and its inherent requirement for more equipment), the linear increase in equipment can be conservatively assumed.

4.2 Total Estimated Fuel Consumed Annually by Disposal Equipment:

The following quantities of fuel consumed have been determined assuming a 6-hour operating day and a 260 day/year operation.

Equipment type	Number	Fuel consumption [1] (gallons per hour)	Annual fuel consumption (gallons)
Tractor	8,500	10	132,600,000
Dragline	820	12	15,350,400
Scraper	630	15	14,742,000

[1] Appendix B.

Thus, total annual diesel fuel consumption for land disposal operations is estimated as 162,692,400 gallons or 387,363 barrels. This is equivalent to 1,490 barrels per day.

Unlike collection, there are no easy and practical methods of achieving full savings immediately in the disposal function. For this reason, we strongly recommend that this important sanitation function receive an allocation which is sufficient to cover current estimated consumption.

SUMMARY

Solid waste management is an essential service which must receive the highest priority for fuel allocation. At the same time, there are several short and long range steps which can be taken to conserve energy.

Solid waste collection and disposal consume 287 million gallons of gasoline and 326 million gallons of diesel fuel per year. Of these figures, collection operations consume approximately 100% of the gasoline and 50% of the diesel fuel.

Solid waste collection and disposal use of diesel fuel is about 3.6% of all *highway use* of diesel fuel. Solid waste collection use of gasoline is about 1.6% of all *truck use* of gasoline.

While we recognize the essential nature of the service, EPA also recognizes the responsibility to conserve energy. The following short range steps could be taken to reduce energy requirements for residential solid waste collection:

1. If those communities which presently collect solid waste twice per week were to collect only once per week, a savings of 29% could be achieved for those communities.

2. Communities with separate collection of food waste could essentially halve their fuel requirements. This is not to say that separate collections such as newspaper which involve resource recovery should be abandoned.

3. A savings of 5% could be made in those communities which have poor routing.

4. Other short term changes include improved storage practices, minimizing separate pickups for bulky items, improved operating policies, and placing waste on one side of the street or clustering.

On a national basis, a savings of 18.2 million gallons of diesel fuel and 39.1 million gallons of gasoline per year would result from changing from 2/week to once-a-week and using better routings. This is 1.8% of the projected shortfall of gasoline and 3.0% of the projected industrial shortfalls of diesel fuel.

In order to conserve fuel, Atlanta, Georgia, recently got the frequency of collection of residential solid waste from twice-a-week to once-a-week; and in so doing, cut the number of crews from 96 to 66. This, on the face of it, suggests a fuel savings about 33%. This also demonstrates how readily even a major city can implement a frequency of collection change.

Long term actions include use of transfer stations where warranted, use of better and properly sized collection equipment, elimination of situations where several private collectors operate on the same street, and replacement of open dumps in remote areas with sanitary landfills nearer to population centers.

APPENDIX A

Residential collection service survey results

1. Source: Refuse Collection Practice, APWA, 1966.

Results of a Nationwide Survey conducted in 1964.

Point of collection (71,000 cities):
Alley/Curb—61%
Backyard (+alley or curb)—31%
No specific point—8%
Frequency of collection 418 cities):
1/wk—47%

[7] This percent is based on 1972–73 data from 366 communities representing all states except Hawaii and Alaska and covering a population of 51,891,000 or about 25% of the total U.S. population. It does not include New York City, Chicago, or Philadelphia. Systems with twice per week collection of household wastes and once-a-week collection of garden wastes (typical of the South) were counted as twice-a-week.

Sources for this survey include: (1) ACT Systems, Inc. telephone survey (1972), (2) AMS case studies (1972–1973), (3) ICMA and NLC seminar participants surveys (1973), (4) EPA technical assistance projects (1972–1973), and (5) Survey by the City of Inglewood, Calif. (Jan. 1972).

Surveys by APWA (1964), Ralph Stone (1968), and EPA (1968), shown in Appendix A, also support this figure.

[8] These percent ratios were developed from the DAAP and two cities which changed their frequency of collection (Atlanta—31%, Portland, Maine—29%). An equivalent (23 to 33 percent) fuel savings can be expected.

[11] National Solid Waste Survey, EPA, 1968.

2/wk—48%
>2/wk—3.6%
<1/wk—0.5%
variable 0.7%

2. Source: A study of Solid Waste Collection Systems Comparing One-Man with Multi-Man Crews, Ralph Stone and Co., Inc./EPA, 1969 Results of a Nationwide mail survey by Ralph Stone conducted in 1968 (42 states represented)

Point of collection (206 cities):

Population	Percent curb/alley	Percent backyard/alley	Percent curb/alley and backyard
10,000 to 100,000	47	19	7
100,000 to 500,000	11	4	3
Greater than 500,000	5	2	2
Total	63	25	12

FREQUENCY OF COLLECTION (112 CITIES)

Population (X1,000)	1 per week (percent) Cities	1 per week (percent) Population	2 per week (percent) Cities	2 per week (percent) Population	3 per week (percent) Cities	3 per week (percent) Population
10 to 100	29	8	33	8	2	0
100 to 500	9	12	10	2	3	3
More than 500	7	30	6	26	1	1
Total	45	50	49	46	6	4

3. Source: National Solid Wastes Survey, EPA, 1968 pg. 21.

Frequency of collection

Combined collection:	Percent (Pop. basis)
1/wk	48
2/wk	32
Other*	20

*Many of these are 2/wk + 1/wk trash (garden waste).

4. (a) Fuel Consumption Rate for Packers: Diesel: 2.32 gal./hr.; Gas: 3.19 gal./hr.

These values are based on three months' data on 24 diesel packers and 16 gas packers from 10 communities on the EPA Data Acquisition and Analysis Program (DAAP). Twenty-three percent of the gas and 25 percent of the diesel packers in this sample are backyard systems while 30 percent of collection systems are backyard. Ratios on these vehicles are:

APPENDIX B[1]

TYPICAL PERFORMANCE DATA OF SELECTED EQUIPMENT USED ON DISPOSAL SITES

Equipment type and horsepower	Fuel consumption (gallons per hour)	Weight (pounds)	Capacity
Crawler tractor:			
270	10.0–13.0	73,000	250 to 500 tons.[2]
180	7.0– 9.0	48,000	170 to 270 tons.[2]
140	5.0– 6.0	33,000	60 to 200 tons.[2]
100	3.5– 4.5	25,000	25 to 90 tons.[2]
75	2.5– 3.5	19,000	Up to 40 tons.[2]
Tracked loader:			
270	11.0–14.0	76,000	5-yd bucket cap.
190	7.5– 9.0	48,000	3.25-yd bucket cap.
130	5.5– 7.0	32,000	2.25-yd bucket cap.
80	3.5– 5.0	24,000	1.5-yd bucket cap.
Wheel loader:			
170	6.0– 8.5	36,000	4.5-yd bucket cap.
130	4.5– 6.5	28,000	3.5-yd bucket cap.
100	3.0– 4.0	20,000	2.25-yd bucket cap.

[1] From information supplied by the Caterpillar Tractor Co., Peoria, Ill.
[2] Per 8-hr day.

	Gallons per hour	Miles per gallon	Gallons per ton
Diesel	2.32	2.55	1.56
Gas	3.19	2.12	2.09
Ratio diesel: gas	1.38	1.20	1.34

(b) Average Packer usage of 7 hrs./day, 5 days/wk. (The average vehicle usage of 44 packers from 16 communities over a 12 month period on the DAAP was 6.7 hrs./day).

(c) Fuel consumption Rate for Non-packers:

Satellite Vehicles: 20 miles/gal., 20 miles/day.

Open Trucks: 10 miles/gal., 50 miles/day.

Other Vehicles: 10 miles/gal., 50 miles/day.

Equipment type and horsepower	Fuel consumption (gallons per hour)	Weight (pounds)	Capacity
Dragline: 200	12		5-yd. bucket capacity.
Scraper (self-propelled):			
300	*11		14-yd³ capacity.
413	*15		21-yd³ capacity.
450	†18		14-yd³ capacity.
640	†23		21-yd³ capacity.
Elevating scraper:			
150	5		11-yd³ capacity.
300	12		22-yd³ capacity.

*Single engine.
†Tandem engines.

CONCLUSION OF MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Is there further morning business? There being no further morning business, the period for morning business is closed.

ORDER FOR ADJOURNMENT TO 10:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 10:30 a.m. tomorrow.

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

ORDER TO CONSIDER UNFINISHED BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized on tomorrow under the standing order, the unfinished business, S. 1541, if action on it is not completed today, be laid before the Senate.

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

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

CONGRESSIONAL BUDGET ACT OF 1974

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 1541, which the clerk will please read by title.

The assistant legislative clerk read the bill by title, as follows:

A bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget, and for other purposes.

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

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

The second assistant legislative clerk proceeded to call the roll.

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

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

RECESS FOR 30 MINUTES

Mr. ROBERT C. BYRD. Mr. President, I move that the Senate stand in recess for 30 minutes.

The motion was agreed to; and at 12:41 p.m. the Senate took a recess until 1:11 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. HATHAWAY).

CONGRESSIONAL BUDGET ACT OF 1974

The Senate continued with the consideration of the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget, and for other purposes.

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

The PRESIDING OFFICER (Mr. HATHAWAY). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. ERVIN. Mr. President, we have had an hour now when we could have been considering amendments today. We have a multitude of amendments. If Senators who expect to present those amendments do not come to the Chamber and

propose some of them, I will have to ask that we go to third reading.

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

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

Mr. ERVIN. Yes.

Mr. GRIFFIN. I just want to join in the Senator's admonition. As the representative of the leadership on this side I want to indicate that if Senators have amendments, they should come to the Chamber and present them. Otherwise they can expect that the bill will go to third reading. We will put that message on the line so Senators will get the word.

Mr. ERVIN. We have wasted 1 hour when we could have been considering amendments. I think it would be well to send out notification that if Senators do not come to the Chamber, we will go to third reading.

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

Mr. ERVIN. I yield.

Mr. PERCY. Mr. President, the Senator from Delaware (Mr. ROTH), I know, has amendments and I understand he is home ill this afternoon. We will advise him we are ready for those amendments and the consideration of them. The Senator from Ohio (Mr. TAFT) I believe has an amendment. We will immediately advise him we are ready to take up that amendment. The Senator from Tennessee (Mr. BROCK) has an amendment, as well.

I wonder if it would be well to have a live quorum to advise Senators we are ready to go and the distinguished assistant minority leader has indicated we will be ready for a third reading if we do not get amendments.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. STENNIS. Mr. President, I ask for recognition.

The ACTING PRESIDENT pro tempore. The Senator from Mississippi.

Mr. STENNIS. Mr. President, I request the attention of the Senator from North Carolina, who is handling the bill, for a short colloquy, but first I want to say that I am familiar enough with this bill to know it represents a tremendous amount of work by the membership and the staff members. I commend them very highly for it. I followed the subject matter most of last year, even though I was not in attendance here and I am one who thinks that something must be done.

I should like to direct the floor manager's attention to the deadlines imposed, particularly with reference to authorization legislation. Of course, I am thinking in terms of Armed Services Committee authorization bills—and may I just add a sentence there that the Senate Armed Services Committee is really just getting into the swing of having hearings this year and reviewing records of subcommittees that have gone into these weapons, weaponry, in depth. Just the research and development for this year alone is over $9 billion. We will have a fine-tooth comb run through these items and produce a rather complete record of testimony and staff work on it.

I mention that to show that the Senate is fully in accord with the idea of authorizing legislation.

Does the distinguished floor manager of the bill agree with me that any deadline imposed on the enactment—and I stress the enactment—of authorizing legislation could endanger the entire authorization process?

Mr. ERVIN. Yes, I think that is true. That is particularly true with respect to authorizing legislation which has to come from committees such as the Senate Armed Services Committee and the committee which handle the authorizations for HEW projects.

Mr. STENNIS. I thank the Senator. I just want to buttress the bill as much as I can, as chairman of one of the authorization committees—to maintain the strength of the provisions that the Senate committees have written into the bill. I want to say here that I believe, not only would a May 31 deadline be unworkable as to the passage of an authorization bill, but that, equally, the earlier deadline put in the House bill for enactment of all authorizations would be absolutely impossible. We cannot live with that kind of provision and carry out our legislative responsibilities. I am still referring to deadlines on the enactment of legislation.

Does the Senator agree with my observation in that respect?

Mr. ERVIN. Yes. I understand the Senator is speaking specifically with reference to authorization bills.

Mr. STENNIS. Yes.

Mr. ERVIN. The Government Operations Committee originally included a deadline by which all authorization bills were required to be enacted. That was changed by the Rules Committee in deference to the obvious—that in some cases it would be impossible to meet the deadline. We changed the deadline for reporting all authorization bills to May 15.

Mr. STENNIS. I heartily approve of of that change to a reporting requirement and think it was reasonable and necessary. In fact, is it not true that a committee loses control of a bill once it is reported to the full Senate?

Mr. ERVIN. Yes. It may then be said to be in the bosom of the Senate.

Mr. STENNIS. That is a good expression; I like to hear the Senator use it. The committee can recommend legislation to the Senate, but as far as the legislation being on the calendar and being called up is concerned, it is subject to the regular orderly processes of the Senate calendar.

Mr. ERVIN. And the committee which has reported the bill has no control over that, as the Senator so well points out.

Mr. STENNIS. It is my understanding the adoption of this bill will in no way affect the current authorization process which is required, by law, for defense procurement, research and development, and manpower appropriations, except that the bill would require reporting of such authorizing legislation on or before May 15. In other words, this bill does not repeal or restrict or abrogate in any way our general statutes requiring an authorization for those items, except as to the deadline for reporting the bills.

Mr. ERVIN. Yes, that is right. The report will give the Budget Committee and the Senate information as to the probable amounts that will be involved after the enactment of the authorizing bills and the enactment of the appropriation bills.

Mr. STENNIS. That is very good, and the Senate certainly is entitled to that information.

I point out, too, that we now make recommendations to the committee and the Congress each year with respect to defense manpower requirements, both manpower in uniform and in Civil Service employment, a responsibility which adds to the authorization load. The current law provides that no appropriation may be made unless and until legislation authorizing that authorization and manpower requirement has been enacted.

Debate on the authorization bill involves other major elements of national policy, such as overseas troop reductions, strategic nuclear posture, and so forth.

In the event that enactment of the authorization bill was delayed on the floor or by Presidential veto, it is my understanding there is nothing in this Budget Act of 1974 that would allow appropriations to be made before the authorizing legislation was enacted.

Mr. ERVIN. It does not change that practice of the Senate at all.

Mr. STENNIS. That is very good. That statement strengthens the record and helps make it possible for a chairman to accept the position I have taken here.

Further, S. 1541 would provide that bills establishing new entitlements would be referred to Appropriations Committees with a 10-day limit prior to floor consideration. I believe military pay raises, special pay, and bonus authorities fall under this provision. It is my understanding that the Appropriations Committee, in the 10 short days, would not and could not change the substance of such authorizing legislation. In other words, the Appropriations Committee could not change a pay structure or the legal entitlement provisions of a pay bill, but, rather, the Appropriations Committee effort would be to determine whether or not the legislation author-

izing pay changes could afforded within the budget in any year.

Mr. ERVIN. That is right. The Appropriations Committee could determine the amounts, but could not alter an entitlement bill otherwise. That, I might state, is one of the most difficult things to handle in a proper manner. It is difficult to get a method to really get as firm a hold on entitlement bills as would be desirable, but that is the best the *committee could* come up with.

Mr. STENNIS. I think that statement reflects a great deal of work and an understanding of the problem, too. I commend the Senator.

Just one further point. I understand that all such entitling legislation that an authorization committee might handle would continue to be managed by the author of the bill on the floor of the Senate.

Mr. ERVIN. Yes.

Mr. STENNIS. I thank the Senator, and I commend him and those who worked with him—the Senator from Maine (Mr. MUSKIE) and many other Senators—on the bill.

Mr. PERCY. Mr. President, will the distinguished Senator from Mississippi yield to me?

Mr. STENNIS. Yes, I am glad to yield to the Senator from Illinois. He has worked on this subject diligently for some time.

Mr. PERCY. I thank the distinguished Senator. I want to express deep appreciation to him for the service he provided the Joint Study Committee on Budget Control. I have listened with some interest to the colloquy that has taken place.

In the report which the distinguished Senator from Mississippi signed is an interesting paragraph on page 14:

> Appendix Table 12 shows that 9 of the present 13 annual appropriations bills are affected at least in part by the requirement of annual authorizing legislation. This table also shows that for the 9 bills which required some annual authorization, during the period 1968 through 1971, the dates of passage for the authorizations generally occurred later in the year. On the other hand, as indicated in the table, action on the appropriations bills has been completed in relatively short periods of time after completion of authorization.

I recall that years ago, when we went on continuing resolutions for a period of 4 months for the Department of Defense, it was very difficult for the Department to operate that way. But that was better than the appropriations for the Department of Transportation and the Departments of Labor and Health, Education, and Welfare, which went for 12 full months on the basis of continuing resolutions in fiscal years 1971 and 1973, respectively. This bill provides extra time for the Congress by changing the fiscal year to October 1, with a current services budget, submitted a month and 10 days after the conclusion of the fiscal year. That would be the date of November 10. That would permit the Congress to know what would be spent by each of the departments under existing programs if they did not increase or decrease any of the levels of activity for programs. There would be no surprises when the budget comes in. It would not be a surprise to the chairman, who has worked with the Secretary of Defense and the various services over a period of time and knows essentially what would be in the budgets. Hearings could begin very early in the process. That would be a much better arrangement for getting every single spending bill enacted before the fiscal year begins rather than to have a continuing resolution, which is a very poor way to run the Government. We hope that the extra time would be helpful under the new practice.

Mr. STENNIS. I think the Senator has made a very fine statement. It is true both in logic and in practice. The proposals in the bill contain modifications which may not be exactly what every Senator would like. Maybe we would all dislike one provision or another, to some extent, but the bill is better than the arrangement we now have. With these changes, we will have a better chance to get at the meat of the problem. The Senator from Illinois is so correct.

In years when an inauguration takes place, we do not now get the buget until after January 20. When we have an extended Christmas recess, we do not get the budget until sometime in February. This bill will put the bee on us. There will be no excuse now.

I like the idea of the change in the fiscal year. I think it can be made an outstanding achievement for the legislative branch.

We, in Congress, will have a budget director. That is new. I hope we can get the most capable, the finest, the most qualified man possible, one who will be "on his own."

I would comment that as a member of the Committee on Appropriations for a good number of years, I think that Congress ought to have 50 or more highly competent investigators out on their rounds 12 months of the year, bringing back hard, bare facts, that can be laid on the table when witnesses are questioned and when figures are fixed in the bill.

We are the only ones who have the responsibility and the power to put the money figures in the bills. We now have just a minimum of sources of information and personnel, who are under our control, to go out and dig hard for the facts.

Mr. PERCY. Mr. President, I should like to ask the Senator a question. He has mentioned the importance of our having a competent director in the top position at the Congressional Office of the Budget. There is a feeling by some that the salary for the job should be lowered. The Government Operations Committee and the Committee on Rules and Administration felt so strongly about the importance of that position that they provided a pay scale comparable to the pay scale of the Comptroller General of the United States. That automatically means that we would be on a manhunt—or a womanhunt—for an absolutely top executive with an extensive background in Government and in fiscal management, one who would be looked up to as a congressional watchdog over the budgetary process. Such a person would earn his or her salary 10 times over.

Does the Senator agree that we ought to have that kind of person holding such an office?

Mr. STENNIS. I may say that I have not looked into the salary levels, but we must have someone who will be able to question witnesses, who will have the drive and will to work, who will use his judgment if we are going to improve the fiscal process. If we do not have such a person, the budget will not be a worth a continental.

Mr. President, I should like to make some additional remarks on the bill.

I have believed for some time that there is no problem facing our Government—both Congress and the executive branch—which is as pressing as the problem of controlling the budgeting and spending process. In this Chamber, we have come to know that action is needed in this field.

In that spirit, I want to commend all the committees and all the individuals who have helped to bring this budget reform matter to the floor for action. I am especially grateful to the Senate Rules Committee and to its Subcommittee on Standard Rules of the Senate which is headed by the Senator from West Virginia (Mr. BYRD). I support the bill, S. 1541, as reported by the Rules Committee.

I believe it will put us on the road toward a budgeting process which will give Congress tighter strings for use in exercising the constitutional power of the purse.

I want to say, Mr. President, that, as chairman of the Senate Committee on Armed Services, I had very serious reservations about an earlier version of S. 1541. My reservations also apply to the House version of this bill, H.R. 7130. The House bill and the earlier version of the Senate bill contain a provision which could seriously impede the authorization—appropriations process in the Senate and even restrict the freedom of Senators in debate.

I am referring to the provision, which would require final enactment of all authorization bills by a given date each year, May 31 in an earlier Senate version and March 31 in the House bill. That provision is modified as section 402, on page 154 in the bill before us, to require that authorization bills be reported by May 15 of each year, and provision is made in the same section for a waiver of that deadline if that should be necessary.

The waiver procedure provides that a committee, unable to meet the May 15 reporting date for an authorization bill, would report a waiver resolution to the Senate stating reasons why the waiver is necessary. The new Senate Budget Committee would have 10 Senate meeting days to consider the waiver resolution and debate on it here in the Senate would be limited to 1 hour, with 20 minutes on motions and appeals. In other words, the procedure assures a timely Senate vote on such a waiver resolution.

Members of the Senate should understand that the Senate Armed Services Committee is required, as a matter of law, under the so-called 412 legislation, to authorize certain functions of the De-

partment of Defense each year as a necessary precondition to the appropriation of funds for those activities. I was—and am—greatly concerned about any provision which would superimpose a new statutory requirement that our annual authorization bill must be finally enacted by May 31 or, worse, by March 31.

As the Senate is well aware, our Armed Services Committee hearings on the $20 billion authorization bill have often lasted 3 months. Floor debate—including debate on highly important military and foreign policy issues proposed in floor amendments—has lasted 4 to 9 weeks in the 4 most recent years. The time required for conferences has ranged from 2 to 4 weeks and, of course, the President must have time to review the bill before he acts.

Under the statutory time pressure, proposed in the House bill, I can envision circumstances under which there might be no military authorization bill at all. Even more likely would be an annual rush to meet the enactment date which would restrict debate here in the Senate on issues which demand a full and careful consideration. Such a situation might invite delaying tactics by determined partisans in one controversy or another.

I have discussed these mandatory enactment dates at some length so that my opposition will be on the record. I feel more comfortable with the May 15 date for reporting authorization bills each year. Our committee is currently working hard to report the fiscal year 1975 military procurement authorization bill by this May 15, and I believe the date will be met.

I think the authorization process—a strong and effective authorization process—will be safeguarded by the provision of S. 1541 in the bill before us which requires a May 15 reporting rather than a May 31 enactment of authorization bills.

For these reasons, and favoring a strengthened budget process as I do, I support the bill, S. 1541, as reported by the Rules Committee and urge that it be passed without any change in the provision I have mentioned.

I cannot emphasize too strongly, Mr. President, that I am supporting the pending Senate bill, with a May 15 requirement for reporting of authorization bills. We can live with that reasonable provision and improve our procedures under it.

But, Mr. President, I cannot support the House provision requiring enactment of authorizations by March 31, the May 31 enactment provision of the earlier Senate bill, or any other provision which would destroy the authorization-appropriation process, and if section 402 is altered I will have to reconsider my support for this measure.

Mr. MUSKIE. Mr. President, the Congressional Budget Act of 1974 is the best kind of reform measure—self-reform. It will give Congress the means to deal in an orderly and comprehensive fashion with our most important decisions—those on budget policy and national priorities.

This legislation is necessary and important. It is necessary not only because our own procedures for handling the budget have gone unreformed for more than half a century, but also because it provides us an opportunity to reassert our constitutional control over the Federal purse strings.

Mr. President, it is important legislation because it can help restore our people's severely shaken faith in their Government.

Last fall, when my Subcommittee on Intergovernmental Relations surveyed public attitudes toward Government, we found that less than one American in three had "a great deal of confidence" in the Senate. More recently surveys by Louis Harris—who conducted the subcommittee survey—have found that public approval of the Congress has sunk even more.

I imagine that a great many Americans—perhaps a majority—perceive the Congress as an ineffective, uncreative institution unable to respond effectively to complex and pressing problems and unwilling to change its ways so that it can work better.

The Congressional Budget Act of 1974 challenges that perception. Enactment of this legislation will be a recognition that our procedures need reform and a demonstration that we are willing to change.

I am under no illusion that enacting budget reform legislation will alter radically the public perception of the Congress. But budget reform is a necessary step that we must take if we are to start down that long road toward restoring the balance of power between the branches of Government, and the balance of power between Government and citizen.

Last year, the Congress was the target of a partisan propaganda campaign, orchestrated in the White House, that branded us as "irresponsible" and "reckless" in our handling of the Federal budget.

Budget reform is our bipartisan and responsible response to partisan and reckless rhetoric.

To be sure, enactment of this legislation will not diminish debate in the Senate over what spending priorities should be. But this legislation represents a reaffirmation of the determination of members of both political parties to establish an open, informative and thorough way for Congress to handle the Federal budget.

This bill calls for comprehensive consideration of the budget requiring us to relate spending decisions to revenue decisions. It rejects the notion that unanticipated budget deficits result only from so-called "excessive spending." Rather, it recognizes that unexpected deficits can result from unrealistically high revenue estimates—as was the case for fiscal years 1970 through 1972—or from unanticipated increases in uncontrollable expenditures, as well as from increased Federal spending. For that reason, it requires the Congress to make an inclusive review of its budget policies on at least two occasions during its budget consideration.

But most importantly, the procedure in this bill is a fair one. It establishes a procedure for congressional control of the budget that is neutral, that favors neither those who want to cut spending nor those who want to increase revenues.

Reforming the procedures by which Congress considers the budget is no easy undertaking. Unlike the executive branch, the Congress is not a monolithic organization which speaks with one voice on budget policy. Rather, an acceptable and workable congressional budget procedure must insure that every committee and, indeed, every Member of Congress contributes to the decisions.

We have endeavored to develop such a procedure in the bill before us today. The procedures in this bill will provide Congress a badly needed overview of the Federal budget, without requiring unwarranted intrusions into the integrity of our committee system.

The Congressional Budget Act of 1974 was drafted with much care and consultation.

It reflects the work of three committees of the Congress over a period of more than a year. In the fall of 1972, the Congress created the Joint Study Committee on Budget Control to recommend ways the Congress could improve its control over the Federal budget.

The recommendations of the Joint Study Committee were examined at great length last year by the Committee on Government Operations, which worked for more than 8 months before approving budget reform legislation. The bill was then considered by the Committee on Rules and Administration which further refined it.

Mr. President, this legislation commanded bipartisan support at every step in its development. The bill reported by the Committee on Government Operations reflected the work of Senators of both parties. Under the leadership of the distinguished Senator from North Carolina (Mr. ERVIN), Senators METCALF, PERCY, BROCK, NUNN, myself, and others worked together to develop comprehensive and workable legislation.

That cooperative spirit continued as the Rules Committee considered the bill. At the direction of the distinguished Senator from Nevada (Mr. CANNON), the distinguished assistant majority leader (Mr. ROBERT C. BYRD), and the distinguished assistant minority leader (Mr. GRIFFIN), the Rules Committee provided a forum for revising the bill, with the help of all interested parties.

The Rules Committee organized an extraordinary staff group for the purpose of reexamining the budget reform bill. All standing committees were invited to designate representatives. The resulting staff effort to produce a "consensus" bill is probably without precedent in the Senate. In all, 45 staff members representing 10 standing committees of the Senate, 4 joint committees, the House Appropriations Committee, the Congressional Research Service, and the Office of the Senate Legislative Counsel took part in this effort.

I am sure that the entire Senate joins me in expressing appreciation to the following staff members who played a key role in the development of this bill:

Robert Bland Smith, Jr., staff director and counsel of the Committee on Gov-

ernment Operations; and W. P. Goodwin, Jr., counsel to the committee.

William McWhorter Cochrane, staff director of the Committee on Rules and Administration; Joseph E. O'Leary, minority counsel to the committee; Anthony L. Harvey, counsel to the Subcommittee on Computer Services of the Rules Committee.

Herbert N. Jasper, researcher to the Committee on Labor and Public Welfare, who served as the chairman of the staff group which reexamined the bill.

J. Robert Vastine, minority counsel to the Committee on Government Operations; and John Pearson and Harrison Fox of the committee's minority staff.

Alvin From, staff director of my Subcommittee on Intergovernmental Relations; and James E. Hall, of the subcommittee staff.

E. Winslow Turner, chief counsel of Senator METCALF'S Subcommittee on Budgeting, Management, and Expenditures.

Nicholas J. Bizony of Senator NUNN'S staff.

And, we all owe a special thanks to Harry Littell, the legislative counsel, who has labored over drafts of this legislation for nearly a year.

II

Mr. President, we cannot overestimate the importance of budget reform legislation. It is critical to the reassertion by the Congress of its constitutional control over the Federal purse strings.

Last year, the Senate took important steps toward redressing the balance of powers between the Congress and the President. It passed landmark war powers legislation and measures to block Presidential impoundment of funds and to assure information to Congress in the face of Presidential claims of privilege. But despite these important measures, the procedures by which Congress exercises its fundamental power to appropriate funds and raise revenues have remained unreformed.

During the past half century, we have witnessed a steady erosion of congressional control over the budget. In contrast, we have seen a consistent escalation of executive influence over budget and fiscal policies.

As a result, in 1974, Congress finds itself severely weakened in its efforts to carry out its dual responsibility to determine Federal budget policies and to establish national priorities. It lacks both the necessary resources to give the budget proper consideration and an adequate procedure for making rational decisions on national priorities.

The bill before us will reform the most serious shortcomings in the system by which Congress currently considers the budget.

It will provide the Congress with additional resources it needs, both in terms of staff and information, to make independent decisions on budget policies.

It will establish a realistic timetable for congressional consideration of the budget, enabling Congress to complete its work on the budget before the beginning of each new fiscal year.

It will, for the first time, provide Congress with a mechanism for overall, comprehensive consideration of budget policies.

III

First, this bill will better equip the Congress to handle the Federal budget. It will create new organizations that are critical to the success of budget reform.

It will establish a 15-member Senate Budget Committee to oversee congressional budget matters. And it will create a Congressional Office of the Budget to provide both Houses of Congress with staff resources they need to investigate and analyze the budget.

The new Senate Budget Committee will provide this body, for the first time, with a single committee responsible for an overview of all policy matters affecting consideration of the budget. That committee will become the focal point for all information and analyses relating to the formulation of recommended fiscal policies and budget priorities. But it will not be an executive committee of the Senate because existing committees—such as the Appropriations and Finance Committees and the authorizing committees—will have significant roles in the new budget process created in this bill.

The COB will meet our need for a highly competent professional staff to guide us in fiscal policy and budgetary considerations. It will be a full-time, year-round, nonpartisan staff that will compare with the General Accounting Office and will provide Congress with the kind of information and analyses it needs to work on equal footing with the executive branch.

In my view, the creation of the COB is an essential element of this bill. It is particularly important that the Congressional Office of the Budget will serve all committees and Members of Congress. If committees and members are to operate effectively within this new budget context, they must have the right to easy access to the COB for whatever information and specialized assistance they need.

The Congressional Budget Act of 1974 also contains a number of provisions to expand the budgetary information available to Congress. The bill, for example, requires that Congress be given information concerning both tax expenditures in the budget and timely projections of the estimated impact of current decisions on future budgets. It requires, in addition, that early in the budget consideration process, the President submit a current services budget estimating the cost of continuing programs at their existing levels. With the current services budget in hand, the Congress can more easily evaluate proposed policy changes when the President submits his fiscal budget.

IV

Second, the Congressional Budget Act of 1974 will provide Congress with the additional time it needs to complete action on the budget.

In changing the start of the fiscal year to October 1, the bill contemplates congressional consideration of the budget. It requires the President to submit the current services budget by November 10 and his final budget by February 15.

As a result, this bill will provide Congress with more time than it now has to consider budget policies after submission of the President's budget as well as with the capability to generate its own information for year-round budget considerations.

V

Third, this legislation will equip Congress with a means for overall evaluation of budget policies.

The cornerstones of this mechanism are the two budget resolutions. The first enacted by June 1 would, in effect, establish the congressional budget for the fiscal year beginning the next October 1. That resolution would establish appropriate overall spending levels and recommended subtargets by functional categories, as well as revenue estimates and both projected and desirable surpluses or debts.

The second budget resolution must be enacted shortly after Labor Day. This resolution provides Congress with the opportunity to reassess its initial budget and priority decisions just before the beginning of the new fiscal year—taking into account the most current economic data and the intervening actions on individual spending measures. If the latest revenue estimates and the individual spending measures previously enacted differ from the appropriate levels established in that second budget resolution, the resolution will also direct committees of jurisdiction to recommend the legislative action necessary to reconcile those differences.

Congress will then complete its action on the budget by enacting the reconciliation bill mandated by the second concurrent resolution.

An important element of the process in this bill is that it requires the input of the Appropriations Committee, the Joint Economic Committee, the Finance Committee, the legislative committees, and the Congressional Office of the Budget before action upon that first budget resolution. In fact, the bill requires that authorization bills be reported to the Senate before May 15 so Congress will have the benefit of the work of the authorization committees before it when it enacts its first budget resolution.

As a result, when the House and Senate consider that first budget resolution, they will already have been informed of the views of all the key participants in the budget process, as well as the prospective impact of the budget.

After the Congress approves the first budget resolution, it will begin work on the actual appropriations or spending bills. The bill calls for all spending bills to be completed by early August so that Congress will have time to reassess and revise its spending and revenue decisions in the second budget resolution and the reconciliation bill.

VI

In this legislation, we are attempting to establish a fair and workable system for congressional control of the budget.

To be sure, with the enactment of this legislation, many of the procedures by which we operate in this body will be modified. But in drafting this legislation, we have made an extraordinary effort to consider the views of those Senators who

expressed specific concerns about the bill.

Mr. President, I wish to underscore the fact that this new congressional budget process will not interfere with the manner in which Congress acts on appropriations measures. Rather, the procedure in this bill will supplement the appropriations process only to the extent of providing Congress with the capability of determining overall fiscal policy, focusing more closely on so-called uncontrollable programs, relating expenditures to revenues and debt, and establishing broad national priorities.

And this new congressional budget process does not attempt to diminish the responsibilities of the legislative committees. The bill in no way interferes with their prerogatives to authorize programs, and it insures their participation in the drafting of legislation to reconcile individual congressional actions with overall congressional budget policies before the beginning of each fiscal year.

VII

Mr. President, in the past 12 months we have come a long way toward meaningful and workable budget reform. The Congressional Budget Act of 1974 will, upon its enactment, not provide an instant panacea for all the ills that now afflict the process by which Congress considers the budget.

But the process for considering the budget included in this bill can work with the cooperation of the entire Senate. As we have developed this bill, we have sought and received that kind of bipartisan cooperation.

There is no question in my mind that this is most necessary legislation. And I am convinced that its enactment and implementation is essential for Congress to reassert its constitutional responsibility to control the Federal purse strings.

Mr. President, I ask unanimous consent that a further, detailed explanation of the Congressional Budget Act of 1974 be included in the RECORD at this point.

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

EXPLANATION OF S. 1541, THE CONGRESSIONAL BUDGET ACT OF 1974

ESTABLISHMENT OF COMMITTEE ON THE BUDGET

The Bill creates a fifteen-member Senate Budget Committee. The membership of that Committee would be selected by the party caucuses. The Committee would be a major standing Committee so that after January 1979 its members could serve on the Budget Committee and just one other major committee. Until that time, its members could serve on the Budget Committee and two other major committees.

The Budget Committee would be the focal point for all information and analyses relating to the formulation of recommended fiscal policies and budget priorities. Its principal responsibility would be to consider the input of the Appropriations Committee, the Joint Economic Committee, the Finance Committee, the legislative committees, and the Congressional Office of the Budget and then report to the Senate for consideration a concurrent resolution setting out appropriate overall spending levels and recommended subtargets by functional categories, revenue estimates and projected and appropriate surpluses and debts.

In addition, the Budget Committee would be required to report to the Senate a second concurrent resolution not later than three days before the beginning of the August recess or not later than August 15 when Congress does not take an August recess. That second concurrent resolution would direct the steps Congress must take in a reconciliation bill to reconcile its individual budget actions with the budget policies established in that second concurrent resolution. In those cases in which the second concurrent resolution directs actions by more than one committee, the Budget Committee would be responsible for reporting out the reconciliation bill.

CONGRESSIONAL OFFICE OF THE BUDGET

The Bill establishes a Congressional Office of the Budget with a Director and Deputy Director appointed by the Speaker and the President Pro Tem after consultation with the Budget Committees, approved by both Houses, subject to removal by either House, for a term of office of six years.

The Congressional Office of the Budget would be a non-partisan staff to assist the Budget Committees in the discharge of all matters within their jurisdiction, and to provide informational and analytical services on the budget generally to other committees and members of Congress.

The Budget Committees in both Houses would have their own staffs.

CHANGE IN FISCAL YEAR

The fiscal year would be changed to October 1. The purpose of this change is to eliminate one of the most serious budgetary problems Congress now faces—that of having to run the country on continuing resolutions from July until the appropriations process is completed. The fiscal year shift will allow Congress the time it needs to complete its work on the budget before the new fiscal year begins.

TIMETABLE

The timetable for the Congressional budget process would be as follows:

On or before	*Action to be completed*
November 10	President submits current services budget.
February 15	President submits his budget.
April 1	Standing committees of the two Houses of Congress, Joint Economic Committee, and Joint Committee on Internal Revenue Taxation submit reports to Budget Committees.
April 15	Congressional Office of the Budget submits report to Congress.
May 1	Budget Committees report first concurrent resolution to their Houses.
May 15	Committees report bills and resolutions authorizing new budget authority.
June 1	Completion of all action on first concurrent resolution.
(1) Five days before beginning of August recess or (2) August 7 when no August adjournment	Completion of enactment into law of all bills and resolutions providing new budget authority.
(1) Three days before beginning of August adjournment or (2) August 15 when no August adjournment	Budget Committees report second required concurrent resolution.
(1) Three days after end of August adjournment or (2) Four days after Labor Day when no August adjournment	Completion of all action on second required concurrent resolution.
September 25	Congress completes action on reconciliation bill implementing second required concurrent resolution.
October 1	Fiscal year begins.

FIRST CONCURRENT RESOLUTION ON THE BUDGET

The first concurrent resolution on the budget will set out the appropriate levels of total new spending for the upcoming fiscal year and recommend the allocation of that spending by functional categories. In addition, the first budget resolution will set forth estimated revenues, a recommended level of surplus or deficit, recommended changes in levels of revenues or the level of public debt in order to achieve the recommended surplus or deficit. This first concurrent resolution would, in fact, represent a "Congressional Budget."

The budget resolution would set out the subtargets by functional area as follows:

Health (budget authority and estimated outlays)

Existing programs:		
Permanent authority	——	——
Appropriations committee jurisdiction:		
Relatively controllable	——	——
Relatively uncontrollable	——	——
Proposed programs	——	——
Subtotal (health)	——	——

After the Budget Resolution is enacted, the Bill requires the Committee on the Budget to submit a report translating the spending levels in the functional categories into estimated appropriate spending levels for each individual appropriations bill and backdoor spending measure. The specific breakdowns for appropriations bills would be supplied by the Appropriations Committee.

RULES FOR CONSIDERATION OF FIRST CONCURRENT RESOLUTION

Debate on the first concurrent resolution will be limited to fifty hours overall and two hours on each amendment.

All amendments to the concurrent resolution, whether or not they are mathematically consistent, are in order. The only consistency requirement, under the Bill, is that the concurrent resolution be mathematically consistent at the time of final passage. The Bill allows the resolution to be made consistent on the floor if it is inconsistent after all amendments are considered.

In the event that House and Senate conferees cannot reconcile their differences on the first concurrent resolution, the Bill sets up the following procedure: The concurrent resolution includes those totals on which the conferees have agreed and the arithmetic

mean between the two versions for those totals on which the conferees could not agree.

AUTHORIZATION PROCESS

Under the Bill, all authorization legislation for the next fiscal year must be reported before May 15.

The Bill would also allow the Senate, upon the recommendation (within ten days) of the Budget Committee to waive the authorization reporting deadlines.

SCOREKEEPING PROCEDURES

The Bill includes intensive scorekeeping provisions. The purpose of the scorekeeping provisions is to keep the Congress informed during its consideration of spending measures of how its actions correspond to the appropriate spending levels set forth in the first concurrent resolution.

Specifically, the Bill requires that all spending measures must be accompanied by a statement, prepared after consultation with the Director of the COB, detailing how that bill would compare with the figures in the concurrent resolution. Reports accompanying tax expenditure legislation shall include a comparison of the new tax expenditures level with the existing level and a justification for the change.

In addition, the COB will be responsible for keeping up-to-date tabulations and status reports on spending measures as they are considered by the Congress.

After reconciliation, the COB will be required to prepare a report detailing a five-year projection of the impact of Congressional action.

APPROPRIATION PROCESS AND RECONCILIATION

The Bill sets aside a two-month period after the enactment of the first concurrent resolution for the Congress to act upon appropriations bills and other spending measures. Specifically, it requires that all action on spending measures and tax expenditure measures be completed by August 7. However, no spending measure passed between June 7 and August 7 can go into effect until the beginning of the next fiscal year, October 1.

The Bill provides that no spending measures be acted upon before June 1, the date of enactment of the first concurrent resolution. The only exceptions to that rule involve entitlements and trust funds, programs like veterans' benefits and socal security benefits. Entitlements can be enacted before the first concurrent resolution is completed on the condition that each bill providing for entitlements is rereferred to the Appropriations Committee for a ten-day period before it is acted upon by the Congress. Entitlements acted upon before the completion of the first concurrent resolution, like those acted upon after the resolution, would not go into effect until the following October 1.

After action is completed on all individual spending measures, the bill sets forth a process to reassess the actions taken on those individual measures and the appropriate spending levels, revenue estimates and appropriate surplus or debt set out in the first budget resolution. This reconciliation process would work like this.

By a date three days prior to the beginning of the August recess, or by August 15 in years in which there is no August recess, the Budget Committee must report to the Senate a second concurrent resolution. That resolution must be adopted by a date three days after the end of the August recess or four days after Labor Day.

The second concurrent resolution will reaffirm or revise any or all figures in the initial concurrent resolution and may specify the amounts, if any, by which spending revenues, and the public debt limit are to be changed in order to achieve the appropriate surplus or deficit, as the case may be. This resolution will, where changes are specified, direct the Committees of jurisdiction to determine and recommend necessary legislative action to accomplish the changes. That second concurrent resolution may direct rescissions of new budget authority on a pro rata basis in cases where it is determined that selected rescissions are not feasible.

After the concurrent resolution is enacted, Congress must then work on a reconciliation bill. If the changes directed by the second concurrent resolution affect only one committee of the Senate, that committee would then promptly report a reconciliation bill to the Senate recommending specific changes in law to meet the directions set out in the second concurrent resolution.

If, however, more than one committee is affected by the directions set out in the second concurrent resolution, each committee affected shall promptly recommend changes in laws, in accordance with the direction in the second concurrent resolution, and transmit those recommendations to the Budget Committee. The Budget Committee will then report a reconciliation bill to the floor.

Congress must complete action on the reconciliation bill by September 25. And the Bill prevents the Congress from adjourning until the reconciliation process is completed.

BACKDOOR SPENDING

All backdoor spending measures providing for contract or borrowing authority must go through the regular appropriations process.

However, the Bill does allow some exceptions in the handling of backdoor spending. Any bill providing for payments under a mandatory entitlement formula, for example, will be referred to the Appropriations Committee for not to exceed ten days after which the Appropriations Committee must report it to the floor.

In addition, the Bill exempts new trust funds from the provisions covering backdoor spending. The Bill also provides an exemption for general revenue sharing, providing the new authorization legislation for revenue sharing exempts it from the backdoor spending controls.

EXECUTIVE SUBMISSION OF THE BUDGET

The Rules Committee Bill requires the President to submit to Congress a Current Services Budget by November 10. The Current Services Budget will be broken down by functional and sub-functional categories, showing estimated expenditures and proposed appropriations if all existing programs and activities were to be carried on for the ensuing fiscal year at existing levels with no policy changes.

The Bill sets the date for submission of the President's budget at February 15.

IMPOUNDMENTS

The Bill includes an anti-impoundment title that amends the Anti-Deficiency Act to limit the justifications for reserving funds.

The Anti-Deficiency Act permits the Executive to create reserves of appropriations to provide for contingencies, to effect savings when such savings are made possible through changed requirements, and through greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available. The Anti-Deficiency Act has been used as a justification for impoundments of funds for fiscal and other program purposes, even though the legislative history of the Anti-Deficiency Act makes clear that it was not to be used for such purposes.

The anti-impoundment title would provide that appropriated funds may not be reserved for fiscal policy reasons or to achieve less than the full objectives and scope of programs enacted and funded by Congress. It would require that the Comptroller General be notified in advance whenever reserves are to be made, and it would empower him to sue in the United States District Court for the District of Columbia to enforce the terms of the Title, in other words, to contest any impoundments made for reasons other than those specifically provided in the Anti-Deficiency Act.

TRANSITION PERIOD

There would be a phased implementation of the procedures under the Bill. The Budget Committee and the COB would be established upon enactment (presumably in 1974). The Budget Committees *could* report a first concurrent resolution as a "dry run" for fiscal year 1976. In calendar year 1976, the new Congressional budget process would take full effect for the fiscal year beginning October 1, 1977.

Mr. BENTSEN. Mr. President, I am pleased to participate in this colloquy today and I want to take this opportunity to commend my colleagues on the Joint Study Committee on Budget Control, the Senate Government Operations Committee, and the Committee on Rules and Administration, for their dedication and outstanding work on developing budget reform legislation, certainly one of the most important issues to come before the 93d Congress. In the last couple of years, thousands of words have been spoken in the Congress on the need for improving the formulation and execution of fiscal policy. I am not certain the average American understands all this and I doubt he is impressed by it. But I have no doubt that he does understand and is impressed when he hears the President say that it is time to get big government off your back and out of your pocket. Unless we in the Congress can make our case in terms just that direct and just that relevant to the average American, we are going to lose the powers of the purse. But if we can implement an effective system to deal with fiscal matters, we will be able to stop the erosion of congressional power to the executive branch and thereby find ourselves on the road to full restoration of our constitutional powers.

The problems of Congress have been identified, discussed, solutions proposed and rehashed for years but they continue to plague us. I believe that now, finally, we have before us the proper machinery for strengthening Congress management of the Federal budget. The bill before us may not be free of defects but it is a flexible mechanism for making a start toward reforming the way Congress makes decisions on setting national priorities.

Control of Federal expenditures, Mr. President, is not the only point at issue. Even more profound is the principle of the survival of representative government. Under the doctrine of the separation of powers, the power to determine expenditures was properly assigned to the Congress but we have been in danger of losing that power because we have never developed the mechanics for controlling the budget. Piecemeal reductions in Federal programs, which is more or less what the Congress presently does, fail to provide a permanent solution to the problem of regaining and retaining congressional control over Federal spending. Congress has to have the means for making an independent judgment on the amount of Government money to be spent each year and we need the machinery for insuring coordi-

nation among the various committees incurring obligations and making outlays. Moreover, we have neither the appropriate resources and access to information for properly scrutinizing the Federal budget nor a rational procedure for making decisions about national priorities.

The day has long since passed when our resources were unlimited and we could pass appropriations with scant regard of anticipated revenues. We must have a system to insure that when we vote additional funds for any one program, we will know where we are getting those funds and the impact of those moneys on the Federal budget.

The role the Federal budget plays in our general economic situation is obvious. In this regard, I am pleased to see that the substance of an amendment introduced to the Budget Control Act of 1973 has been incorporated into S. 1541. One basic purpose of congressional budget reform should be to provide for systemic congressional determination of the surplus or deficit necessary to meet the Congress responsibility under the 1946 Employment Act of promoting "maximum employment, production, and purchasing power."

Presently there is no such systematic determination. Under S. 1541, the concurrent resolution reported by the Budget Committee would set guidelines recommending appropriate levels of budget authority and outlays, revenues, debt level, and the surplus of deficit. This would allow the Congress to focus on the issue of what level of budget surplus or deficit is appropriate in light of our Nation's economic condition and to do so before we become involved in the consideration of individual spending programs. I believe such an approach is good management and that it is good economics as well.

Mr. President, budget reform legislation is not a liberal or a conservative issue nor is it a partisan issue. It is an issue faced not by Republican and Democratic Senators and Representatives but by U.S. Senators and Representatives. The overall perspective of Federal spending that this bill provides is indispensable if we expect to maintain congressional control over our Federal pursestrings. For that reason I am pleased to be a cosponsor of S. 1541 and I urge the Senate's expeditious approval of this legislation.

Mr. TALMADGE. Mr. President, since coming to the Senate 17 years ago, I have resisted what I view as an alarming and unhealthy trend toward spendthrift and adventuresome government. Unfortunately, year after year, the Federal budget has mushroomed, and the Federal debt has soared. Along the way, the Government has abandoned any semblance of fiscal sanity.

Mr. President, there is no doubt in my mind that excessive Federal spending is one of the root causes of inflation. I have been deeply concerned with the continued failure of the Government to attain a balanced budget. Judging from the comments I have heard from my fellow Georgians, they are equally concerned.

I am amazed that, on the one hand, the Federal Government prints books on maintaining a simple household budget, and on the other, it cannot follow its own advice. If we cannot keep our own house in order, can we reasonably ask others to do the same?

Mr. President, James Madison, one of the Founding Fathers of the Republic, once stated:

> No government will long be respected without possessing a certain portion of order and stability.

Today, the Senate is actively debating how we can take responsible steps toward restoring order and stability to Government. I applaud this. It is long overdue. The time has certainly come when the United States should do business on business principles.

Last year, the Joint Study Committee on Budget Control, on which I had the privilege of serving, conducted an extensive review of the Federal budgetary process. From that study, a bill, S. 1641, to revise and reform the congressional budget process, was drafted and introduced in the Senate. I cosponsored this proposal and am pleased that many of its provisions are being considered today.

Mr. President, I am constantly asked if the Congress can do anything to stop the spiraling rate of inflation. Of course we can.

But to do so, Mr. President, the Congress cannot continue its harum-scarum approach to appropriating the Federal dollar. Each year, we are asked to consider funding for thousands of Federal programs. Who is to say which activities are more desirable than others? For that matter, are all of these programs necessary? I daresay that if we had a "big picture" readily available, many of these programs which do little more than furnish secure and comfortable jobs to a few bureaucrats would fall by the wayside.

We seem to be spending money on the assumption that the Federal dollar is endless. There is not one safeguard against big spending in the entire Federal budgetary process. Huge deficits have unfortunately become routine today. The Federal bureaucracy is permitted to take the taxpayers' dollars on a wild spending spree, and then turn around and unashamedly ask for more. This is not a system. This is chaos.

A jumbled conglomeration of figures gathered from several appropriations bills can hardly be called a working budget for a $300 billion enterprise. The Congress must realize that the Federal pie can be cut just so many ways. Then and only then will we be able to resolve funding priorities. As the situation now stands, many Federal agencies and programs receive money by default: Either the Congress is unable or unwilling to determine just what the agency or program does, or Congress simply assumes that the job is being done and it will not hurt to print up a few more paper dollars to finance the operation.

We already know that previous spending decisions will require an estimated $300 billion in future expenditures. This kind of shortsightedness ought to demonstrate the compelling need for effective budget reform.

Mr. President, 1 year ago, I stated on the floor of the Senate that the Federal spending spree was akin to that of the proverbial drunken sailor on a weekend pass. I regret to report that the situation is even worse today. Still, the Government of the United States tries to be all things to all people. Still, Federal influence and Federal dollars permeate every nook and cranny in America and every corner of the world.

Mr. President, we are but 2 years short of this Nation's 200th anniversary. I feel that if the taxpayers of this country were asked what they could best use as a Bicentennial gift, I believe they would overwhelmingly ask Congress for Federal budget control spending reform.

I hope that the Senate will take this opportunity to give Americans a much-needed spending break. The President, in proposing a record-shattering $300 billion unbalanced budget, has stated that it is up to the Congress to set the economy straight. If the executive branch has chosen to throw fiscal restraint to the four winds, then I for one will do all that I can to see that the Congress refuses to meekly fall in line.

Mr. President, I would have much preferred that this debate center on the constitutional amendment I introduced last year to put an end once and for all to deficit financing, which plagues the economy and robs the workingman of his hard-earned dollars. The bill we are presently considering would still permit the Congress to approve the use of this foolish practice.

However, I feel that this measure may provide a degree of order and stability where none has existed before. By placing ceilings on Federal expenditures, this bill may lead to much needed cutbacks in extravagant and unnecessary programs. It could be a practical means of forcing the Congress to decide whether to let the Nation sink deeper into debt, or raise Federal taxes, or finally get down to business and trim the fat from the budget.

There is no reason why future generations of Americans should be burdened with an awesome national debt which has increased by $200 billion in 20 short years. Yet, the U.S. Government, with its policy of playing policeman, banker, and Santa Claus the world over, is teetering on the edge of bankruptcy.

Mr. President, I am not one to use the word "crisis" lightly. Americans are being told that we face everything from an energy crisis to a food crisis to a toilet paper crisis. It has become difficult to separate fact from fiction. It is clear, however, that we have been deeply immersed in a series of budget crises since the Second World War. The soaring price of gold and the instability of the dollar are proof enough of this.

A wise man once observed that a man cannot drink himself sober. By the same token, Mr. President, a nation cannot spend itself rich. We have tried. We have failed. Now we must exercise restraint. This bill is a step in the right direction. It should be passed.

Mr. CHILES. Mr. President, I ask unanimous consent that Mr. Les Fettig be granted the privilege of the floor.

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

AMENDMENT NO. 1034

Mr. HATHAWAY. Mr. President, I call up my amendment which is at the desk and ask that it be stated. I have modified it.

The ACTING PRESIDENT pro tempore (Mr. METCALF). The amendment, as modified, will be stated.

The assistant legislative clerk read as follows:

(f) CONSIDERATION OF ALTERNATIVE COURSES OF ACTION IN LIGHT OF CHANGES IN ESTIMATED OUTLAYS OR REVENUE RECEIPTS.—On February 15 of each fiscal year, if the latest estimates of outlays or revenue receipts reported to the Congress under subsection (b) (1) or (3) change by 3 percent or more from the outlay or revenue levels set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year, the Director of the Congressional Office of the Budget shall be required to report any such change to the Committee on the Budget of each House, and shall be required to list alternative courses of action Congress might take in light of such change in the estimates of outlays or revenues, or both. The Committee on the Budget of each House, shall, on or before March 1, report to its House on its consideration of the alternatives listed, its recommendation for action, or its reasons for not taking any action at that time.

Mr. HATHAWAY. Mr. President, the amendment I am proposing is quite simple in form and sound in terms of fiscal practice. It would merely require that Congress consider the impact of unforeseen changes in outlays or revenue receipts during the fiscal year.

This amendment would add a new subsection to section 308. That section already requires that the Director of the Congressional Office of the Budget issue periodic reports giving an up-to-date comparison of the latest estimated outlays and revenue receipts, and the estimated outlays and revenue receipts set forth in the most recently agreed to *concurrent resolution* on the budget. My amendment would add a new subsection to section 308, and would require that near the midpoint of the fiscal year, significant changes in outlay and revenue projections for the current fiscal year be dealt with by the Congressional Office of the Budget and the budget committees.

Under my amendment, if the projected outlays and revenue receipts for the fiscal year have changed by 3 percent or more on February 15 of that fiscal year, the Director of the Congressional Office of the Budget would be required to report that deviation to the Committees on the Budget in each House, and shall be required to list alternative steps Congress might take in light of these changes in projected outlays, revenues, or both. My amendment further requires that the Committee on the Budget of each House report, to its House, on or before March 1 on its consideration of the alternative courses of action, its recommendations for action, or its reasons for not taking any action at that time.

Basically, then, my amendment only mandates a reassessment by the budget committees at about the mid-point of the fiscal year if outlays or revenue receipts are expected to deviate significantly from the outlay and revenue projections underlying our most recently adopted budget resolution. After consideration, the committee could recommend action to Congress—perhaps selective rescissions or additions to budget authority; changes in budget authority on a pro-rata basis; changes in the revenue laws; or other action taking into account the new economic conditions. Or the committee could decide to take no action at all—in which case it would simply report to Congress its reasons for so deciding.

S. 1541 as reported already stipulates—in section 304—that Congress may at any time adopt a concurrent resolution on the budget which revises the most recently agreed to concurrent resolution on the budget. My amendment would not affect the right of Congress to revise at any time. It would mandate a reconsideration and reassessment by the Congressional Office of the Budget and the budget committees only if expenditure and revenue projections have changed significantly by mid-February.

Mr. President, my amendment requires Congress to take unforeseen changes in revenues and/or expenditures into account. In so doing, it makes us more "fiscally responsible"—something we are often accused of not being.

I urge adoption of my amendment.

Mr. ERVIN. Mr. President, as I understand, the Senator has modified his amendment by changing the March 15 date?

Mr. HATHAWAY. To February 15.

Mr. ERVIN. To February what?

Mr. HATHAWAY. To February 15, and also the date on page 2 of the amendment from April 1 to March 1.

Mr. ERVIN. Yes. I see no objection to the amendment. I am not opposed to it.

Mr. HATHAWAY. I thank the Senator.

Mr. PERCY. Mr. President, I know of no objection on this side of the aisle to the amendment of the Senator from Maine.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is agreed to. The bill is open to further amendment.

Mr. CHILES. Mr. President, I suggest the absence of a quorum while I find an amendment and send it to the desk.

The PRESIDING OFFICER (Mr. HATHAWAY). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. CHILES. Mr. President, I ask unanimous consent to withdraw my amendment No. 1024 so that it can be treated in two parts, which I have submitted and circulated to Senators separately.

The PRESIDING OFFICER. The Senator does not have to withdraw his amendment. An amendment, even a printed amendment, does not have any status until it is called up.

Mr. CHILES. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk proceeded to read the amendment.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. ERVIN. Mr. President, has that amendment been printed?

Mr. CHILES. It has been printed. What I have done was split amendment No. 1024 into two parts. Amendment No. 1024 called for the national goals and priorities as well as the budget provision. This simply splits that into two separate parts, so that we would have a report on national goals and priorities as one amendment, and the budget reporting provisions in the first portion.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida? Without objection, it is so ordered. The amendment will be printed in the RECORD.

S. 1541

On page 168, line 3, strike out the closing quotation marks, and between lines 3 and 4, insert the following:

"(i) The Budget transmitted pursuant to subsection (a) for each fiscal year, beginning with the fiscal year ending September 30, 1979, shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

"(1) a detailed structure of national needs which shall be used to reference all agency missions and programs;

"(2) agency missions; and

"(3) a summary of agency programs and basic program steps, with a detailed description to be provided directly by the agencies to the appropriate committees of Congress to the extent applicable to agency activities.

"(j) To assist the President in carrying out the provisions of subsection (i)—

"(1) each agency shall furnish information in support of its budget requests in accordance with its assigned missions in terms of Federal functions and subfunctions, including mission responsibilities which may be delegated to component organizations; and

"(2) each agency shall release all programs to agency missions and shall furnish information to describe the program step being executed and for which budget authority is being requested or outlays made to the extent applicable to agency activities.

"(k) For purposes of subsections (i) and (j)—

"(1) The term 'national needs' means those Federal functions and subfunctions which are, at a given time, being performed by the Government in order to provide for the wellbeing of the Nation. National needs (functions and subfunctions) describe the purposes being served by budget authority and outlays without regard to the means that may be chosen to meet those purposes.

"(2) The term 'agency missions' means those responsibilities for meeting national needs whch may be variously assigned to the agencies of the executive branch. Agency missions can be expressed in terms of those functions or subfunctions which may be, at a given time, the responsibility of that agency and its component organizations.

"(3) The term 'program' means that organized set of activities and actions which may be undertaken by an executive agency in order to solve a particular problem, meet a particular objective, and achieve a particular set of goals directly related to fulfilling that agency's mission responsibilities and which, over the course of the program, entails significant expenditures of resources.

"(4) The following are four of the basic steps in the process by which new programs,

or major modifications to existing programs, are formulated and executed:

"(A) 'Establishing needs and goals' means defining the particular problem to be solved and the objective measures of the end results, or goals, to be sought and attained as a consequence of the program. Goals describe the level of mission capability the agency is seeking, when it is to be made available, and the total cost within which that capability is to be provided without regard to the means used to achieve those results.

"(B) 'Exploring alternatives' means the creation, definition, and evolution of competing means to solve a particular problem, drawing on the base of technology in order to identify and evolve those approaches that are promising, to eliminate those that are not promising, and to supply information on the expected costs and benefits of each approach.

"(C) 'Choosing the preferred program approach' means the evaluation and choice of the preferred program approach from among remaining alternatives. The evaluation will determine which approach will best meet the updated goals of the program and the costs and benefits accruing to each alternative in meeting the agency's mission.

"(D) Implementation means putting the preferred program approach into operation and monitoring its effectiveness, including final development preparation of the chosen approach, operational support and maintenance, and modification based on review of program effectiveness."

On page 182, line 14, before the period insert "and section 201 (i), (j), and (k) of such Act (as added by section 601) shall apply with respect to the fiscal year beginning on October 1, 1978, and succeeding fiscal years".

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

Mr. CHILES. I yield.

Mr. PERCY. I ask unanimous consent that Mr. Brian Conboy, special counsel for the minority, be permitted access to the Chamber during the consideration of this measure and votes thereon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois (Mr. PERCY)? The Chair hears none, and it is so ordered.

Mr. CHILES. Mr. President, my amendment would require that the President's budget include—not to the exclusion of any other information—a clear presentation of—

First, the basic goals and end purposes or functions being performed by the Federal Government to meet the needs of the Nation;

Second, agency's responsibilities for contributing to each function or subfunction and through which programs; and

Third, a summary of steps as programs evolve, from initial conception and consideration of alternatives through final implementation, with detailed information to be supplied directly from the agencies to the appropriate congressional committees.

After the extensive discussion that has taken place over the last year at staff and committee levels, I am sure most of my colleagues are aware that these amendments will not displace any existing budget information: rather, they build upon some existing information already included in one part of the President's budget, "the Federal program by function."

The amendments are not complicated or difficult to understand: nothing could be more simple than to ask, "Who's doing what?" to meet each national need and to describe how programs are evolving in each agency.

These amendments are—

Not a replacement for any current information the Congress receives;

Not complicated or difficult to understand; and

Not in conflict with any of the provisions of S. 1541.

But having said what these amendments are not, let me say what these amendments are, what they represent.

They are an essential and critically needed addition to this historic effort of the Congress to reassert its power over the purse.

And, the reason I can say that these amendments are important is that they are based on a legislative history the equal of any that will be offered. These measures are not disruptive or hastily considered. They are supported by—

The 2½-year study of the bipartisan Congressional Commission on Government Procurement on which I served along with Senators JACKSON and GURNEY, Congressmen HOLIFIELD and HORTON, and the findings of the Commission on why the Congress was losing control over major Federal programs and the budgets they command. They are based on the Commission's recommendations on what visibility the Congress needed and the framework within which the Congress could more effectively participate;

They are supported by the legislative history of S. 1414, a bill based on the Commission's findings, which passed the Government Operations Committee in just 2 days after S. 1541 on a unanimous vote including Senators ERVIN, MUSKIE, JAVITS, PERCY, and BROCK;

They are supported by all the evidence compiled in Senate Report 93-675 accompanying S. 1414; and

They are supported by written comments on S. 1414 from the Comptroller General, who also was a Commissioner, who stated, in part:

> We believe that the development of the type of program structures that will be required by S. 1414 is in fact *essential* to enable the Congress to achieve its objective of exercising control over Federal spending.
>
> We agree with your views of the importance of the Federal budget being clearly structured in terms of national needs and the specific programs to fulfill these needs. In addition, we think that such a structure should be the "base" structure for making major decisions on the Nation's priorities and related resource allocations by both the legislative and executive branches.
>
> The objectives and basic framework of S. 1414 are consistent with the work that we are doing under the 1970 (Legislative Reorganization) Act.

These amendments are also supported because they incorporate the suggestions made by the General Accounting Office to improve the language.

They are also supported because the amendments reflect changes made to accommodate each and every specific objection raised by the Office of Management and Budget in staff meetings held at OMB on January 8, held here in the Senate on February 25, and in several extensive telephone conversations over the past month.

Despite the changes made to respond to OMB objections, my staff tells me that they may still oppose the amendments. I find it difficult to understand how there could be any valid grounds for OMB opposition—and I hope we are not going to be the victim of the "not invented here syndrome."

In the first place, while the information called out in my amendments will have great utility to the Congress in correlating programs to national needs and priorities and in overseeing individual programs, the usefulness of the information to the executive agencies and to OMB is bound to be magnified many times over since the basic responsibility for developing manageable budgets and programs rests with the executive branch.

Second, the information called for in my amendments emphasizes the need for coordinated program objectives at the outset. Such information lends great support to the "management by objective" principle which, in the past year, has been given an overriding priority by Mr. Ash in his role as Assistant to the President for Executive Management.

Because of an understandable desire to avoid past mistakes and blunt future criticisms, many bureaucracies in the executive branch tend to draw all matters up to the highest possible level for decision whether they are significant in all cases or not. The same thing has been happening in the Congress where we find ourselves constantly bogged down by literally thousands of separate budget decisions in committee and on the floor.

My amendments would offer the opportunity to reserve this trend by encouraging top agency management and the Congress to concentrate their attention on those few key program decisions which are major turning points in any program, thereby laying the groundwork for a balanced, selective decentralization of program decisionmaking to the agency operating levels.

Since my amendments do therefore, in fact, support current executive branch trends of management by objective and selective decentralization of decisionmaking, I find it totally inconceivable that the President would seriously contemplate any opposition to our budget reform bill simply because of these amendments.

The net effect of having incorporated OMB's suggestions, however, is not one I object to. On the contrary. As I said, the result is to leave that much stronger support for these amendments because they reflect the best thinking and suggestions from all knowledgeable sources, including staff representatives from the Government Operations Committee, the Rules Committee, as well as Senators METCALF and MUSKIE.

Among the best support for these amendments are the moves taken by the executive branch to improve program control and more fiscally responsible management.

In presenting the fiscal year 1975 defense budget request just this month, Secretary Schlesinger endorsed the same mission-oriented budget structure called for in these amendments. He reported that defense management was beginning to concentrate long-range planning and review for new programs on discrete subfunctional mission areas beginning with Mission Concept Papers, MCP's, on strategic offense, continental air defense and theater air defense. As Secretary Schlesinger stated:

These papers are planning documents designed to provide an understanding of the broad functional and fiscal context into which proposed new systems should fit during their development, acquisition and operational life.

Also, the executive branch Interagency Steering Group recently endorsed the framework for program control and information put forward by the Procurement Commission and embodied in these amendments. Noteworthy is the fact that this group included representatives from the Department of Defense, DOD, the Atomic Energy Commission, AEC, the National Aeronautics and Space Administration, NASA, the Department of Transportation, DOT, and the National Science Foundation, NSF.

These amendments also draw support from a broad range of congressional interests surveyed by the General Accounting Office, GAO, to identify what kinds of improved information the Congress required. OMB recognized the results of this survey in a report dated March 4, 1974, which stated:

REFORMAT BUDGET ALONG FUNCTIONAL OR PROGRAM LINES

A number of comments suggested the need for greater program orientation of budget data. Some suggested that the budget be program oriented whereas others expressed the need for a capability to convert the traditional budget into program terms. For example, it was stated that "the system should be able to provide a budget reformation along functional or program lines (rather than agency) to disclose all programs within a functional area and pull together information on programs cutting across agency lines." Variations of this statement of need were expressed by staff members of the House Committee on Government Operations, Senate Committee on Commerce, House Committee on Education and Labor, Joint Economic Committee and the Senate Committee on Appropriations, Subcommittees on Agriculture and on HUD, Space and Science.

Finally, these amendments are in the best interests of business, both large and small, because, as the Commission pointed out, the long-term effect would be to encourage private sector competition and the application of new technology to meet public needs by paying careful and regular attention to how the Government was exploring the very best available alternatives in each Federal program.

THE ISSUE

The amendments are built upon the premise that budget decisions that merely allocate resources to agencies and programs can severely weaken congressional control over national priorities because—

Separate agencies serve the same or similar national needs, as do many programs within agencies; and

Congress does not participate in early program decisions to set goals and decide how a need is to be met.

THE CURRENT SITUATION

The conditions that deny Congress a strong voice in controlling the budget exist today because—

First, the President's budget presents fragmented information on agencies, programs and activities. To identify national priorities, Congress must trace through a maze to find out who is doing what to meet particular national needs; and

Second, current budget information gives Congress only poor visibility over program evolution. Early steps that set goals and explore alternatives are not fully exposed to top-level executive agency decisionmakers or to congressional oversight yet generate long-term financial commitments to Federal programs that are often prematurely locked-in to a poor approach.

Both congressional and executive control has suffered from fragmented budget decisionmaking. The management of the executive branch would also benefit from this "top-down" budget control information—Federal functions alined with agency responsibilities, agency missions guiding programs, and programs being controlled by program steps.

To correct the current situation, these amendments would bring budget priorities and programs into sharper focus through better budget information. They would strengthen congressional control over what the government is buying as well as over how much it is spending, and these amendments would provide additional information to accompany the fiscal year 1979 budget, specifically:

First. Budget information of sensible groupings of agencies and programs alined with national needs; and

Second. Budget information to give Congress an overview of essential program steps.

This information should enable Congress to overcome the programs which have plagued attempts to have meaningful control over the budget and national priorities. The Congress and the executive branch would have a common framework to illuminate—

What national needs the Government is seeking to satisfy;

How much money is being allocated to meet each in accordance with national priorities; and finally

How well each program is being conceived and executed to meet each need and solve each problem.

BUDGET AND ACCOUNTING ACT OF 1921

The most critical legislative action in terms of budget information and the Congress ability to deal with it is the Budget and Accounting Act, 1921. As summarized in the Government Operations Committee report on S. 1541 (Senate Rept. No. 93–579), Congress transferred budgetary supremacy to the President, giving him responsibility under the act for preparing the annual budget. The exception was that the President, aided by his Bureau of the Budget, would serve as an agency of congressional control of the purse. The aim of the 1921 act was to improve congressional capability, not to establish the President as an independent participant in the budget process.

Since that act, the number of Federal agencies, the number of Federal programs and the size of the Federal budget to support them have all exploded. In the intervening 50 years, the country has witnessed a continuous process of Government by increment: New agencies added to and within old ones to meet the most prominent needs of the day; and new programs added to old ones to meet the most popular demands of the day.

The net result has been a proliferation of Government organizations, activities and actions, all being financed through and presumably controlled by the Congress with the President and his Office of Management and Budget providing the rhyme, reason, and choices of Congress. In fact, few individuals in the executive branch, and still fewer in the Congress, are able to digest the Federal budget to the point of understanding, in the most simple terms why $304 billion are being spent, for what purposes, and how well the objectives are being attained. The impossible position Congress finds itself in annually was described in Senate Report No. 93–579:

Consider the situation that prevails early each year when the President unveils his budget. With no advance preparation on its part, Congress receives a 400-page budget accompanied by a thousand-page appendix. These later are supplemented by thousands of pages of justifications and explanations. Within the space of 5 months, Congress then must make more than $250 billion of program and spending decisions, covering hundreds of agencies and thousands of separate activities. Although months of labor and millions of hours of administrative preparation precede the submission of the executive budget, Congress is excluded from the process, receiving only the end-product in the form of the budget plus whatever supplementary material the agencies choose to give it or which Congress can extract.

Moreover, although the budget may be the program alternatives, Congress receives only outcome of an exhaustive exploration of the official recommendations and it has great difficulty ascertaining which possibilities were considered and why they were rejected. Nor is Congress readily able to obtain intelligence on the long-range consequences of current program and spending choices.

All this makes Congress painfully dependent upon Presidential agencies, notably OMB, for essential program and financial information. It gets only what the executive gives, and only when the executive gives it. This dependence seriously erodes the ability of Congress to function as an independent institution with the dual responsibility of establishing national priorities and controlling expenditures. Of course, Congress generally has little trouble finding out what the President wants; the budget itself is an encyclopedia of facts and preferences. But Congress often has great difficulty extracting information about options not favored in the President's budget. As a matter of fact, the budget is often presented and defended in a manner that thwarts the consideration of alternative courses of action. So huge is the budget and overwhelming the publicity marshaled

in its behalf, that Congress literally takes weeks to recover from "budget shock," absorbing the bewildering array of information and coming to grips with the billions of dollars of decisions.

GOVERNMENTWIDE BUDGET INFORMATION

The President's budget—no matter when it is submitted—presents a confusing picture of Federal programs and agencies. Separate programs of separate agencies are not collected into sensible groupings and used to control budget authority. Rather, the agencies themselves and their activities are used to gage budget levels as a proxy for priorities. This fragments congressional visibility over what end-purpose Federal funds are serving—what national needs are being serviced.

For example, an allocation of budget authority for the Department of Health, Education, and Welfare—HEW—does not necessarily reflect clear congressional control over education in the Nation's priorities. HEW is only one of 21 separate agencies that are funded to carry on programs to meet educational needs.

Further, within HEW, there are 19 separate programs designed to meet one subsidiary need to prevent school dropouts. Of more than 300 major programs, 54 overlap each other and 36 overlap programs in other executive agencies.

In environmental protection, funds for the Environmental Protection Agency—EPA—account for only 60 percent of the Federal effort; other programs are scattered in other agencies, in other accounts, and separately budgeted, not to mention backdoor spending.

What has been lacking is a budget structure that starts with a modern, detailed, and complete tabulation of Federal functions and subfunctions—the end-purposes for spending money—and within this framework, a tally of all agencies, activities, and programs that are serving each need.

The Congress does not necessarily control priorities by pouring money into one agency's account or another. And because congressional committees and appropriations bills are keyed to executive agencies, there is, in fact, cause for concern over the way allocations of budget authority are set at this time. The amendments, however, do not call for a new and different structure of budget bills and committees.

Instead, the amendments seek only to have the President's budget and allocations of budget authority reference a framework of national needs and groupings of agency programs. This information would be made available to the appropriations and authorizing committees as they operate on the budget.

CURRENT BUDGET STRUCTURE

The closest thing to highlighting national priorities in today's budget is the tabulation of "Federal functions."

However, these budget categories are inadequate for controlling national priorities because they are "catch-all's"—general headings used to cover a multitude of existing agencies and programs, all separately budgeted, as shown in the table.

TABLE 1.—*Current fragmentation of budget information—Total number separately budgeted executive organizations*

Federal functions	
National defense	7
International affairs and finance	11
Space research and technology	1
Agriculture and rural development	3
Natural resources and environment	12
Commerce and transportation	24
Community development and housing	7
Education and manpower	21
Health	5
Income security	9
Veterans benefits and sciences	4
Interest	1
General government	18
Total	123

Source: The Budget of the U.S. Government, FY 1974, Table 14, pp. 345–358.

Another attempt to spell out domestic needs are the functional categories used for Federal assistance programs. Table 2 shows the 18 domestic needs used in OMB's "Catalog of Federal Domestic Assistance," and shows how many separate executive agencies have their own programs to meet the same needs and serve the same functions.

TABLE 2.—*Number of separate executive agencies with own domestic assistance programs.*

National needs:	*Number of agencies*
Agriculture	6
Business and commerce	29
Community development	28
Consumer protection	20
Cultural affairs	4
Disaster prevention and relief	11
Education	27
Employment, labor, and manpower	15
Environmental quality	9
Food and nutrition	5
Health	10
Housing	6
Income security and social security	23
Information and statistics	22
Law, justice, and legal services	23
Natural resources	10
Science and technology	9
Transportation	6

Source: Catalog of Domestic Assistance, OMB, 1972.

A functional breakdown keyed to national needs is the kind of information needed to make an assessment of the budget and control national priorities.

But there is no correct framework today, as indicated by table 3. Domestic functions chosen for domestic assistance programs—on the right—do not correlate with the Federal functions in the budget.

TABLE 3—*Two views of national needs*

The Budget: "Federal Functions"	Catalog of Federal Domestic Assistance Programs (OMB)
National defense.	Agriculture.
International affairs and finance.	Business and commerce.
Space research and technology.	Community development.
Agriculture and rural development.	Consumer protection.
Natural resources and environment.	Cultural affairs.
Commerce and transportation.	Disaster prevention and relief.
Community development and housing.	Education.
Education and manpower.	Employment, labor and manpower.
Health.	Environmental quality.
Income security.	Food and nutrition.
Veterans benefits and services.	Health.
Interest.	Housing.
General government.	Income security and social services.
	Information and statistics.
	Law, justice, and legal services.
	Natural resources.
	Science and technology.
	Transportation.

HEALTH, EDUCATION, AND WELFARE BUDGET STRUCTURE EXAMPLES

HEW provides a good example of how the current budget structure fragments congressional attention, confuses congressional control over priorities, and damages the programs that are supposed to meet public needs

Table 4 shows how the HEW budget is broken down today: How it is presented, justified, analyzed, and appropriated.

Table 4.—Current budget structure: Department of Health, Education and Welfare

Health Services and Mental Health Administration

Mental health.
St. Elizabeths Hospital.
Health services planning and development.
Health services delivery.
Preventive health services.
National health statistics.
Retirement pay and medical benefits for commissioned officers.
Buildings and facilities.
Office of the Administrator.

National Institutes of Health

National Cancer Institute.
National Heart and Lung Institute.
National Institute of Dental Research.
National Institute of Arthritis, Metabolism and Digestive Diseases.
National Institute of Neurological Diseases and Stroke.
National Institute of Allergy and Infectious Diseases.
National Institute of General Sciences.
National Institute of Child Health and Human Development.
National Eye Institute.
National Institute of Environmental Health Sciences.
Research resources.
John F. Fogarty International Center for Advanced Study in Health Sciences.
Health manpower.
National Library of Medicine.
Buildings and facilities.
Office of the Director.
Scientific activities overseas (Special foreign currency program).
Payment of sales insufficiencies and interest losses.

Office of the Assistant Secretary for Education

Salaries and expenses, Assistant Secretary for Education.
Postsecondary innovation.

Office of Education

Elementary and secondary education.
School assistance in federally affected areas.
Emergency school assistance.
Education for the handicapped.
Vocational and adult education.
Higher Education.
Library resources.
Educational development.
Educational activities overseas (special foreign currency program).
Salaries and expenses.
Student loan insurance fund.

Payment of participation sales insufficiencies.
National Institute of Education.

Social and Rehabilitation Service

Grants to States for public assistance.
Work incentives.
Social and rehabilitation services.
Research and training activities overseas (special foreign currency program).
Salaries and expenses.

Social Security Administration

Payments to social security trust funds.
Special benefits for disabled coal miners.
Supplemental security income program.
Limitation on salaries and expenses.
Limitation on construction.

Special institutions

American Printing House for the Blind.
National Technical Institute for the Deaf.
Model Secondary School for the Deaf.
Gallaudet College.
Howard University.

Office of Child Development

Child Development.

Office of the Secretary

Office for Civil Rights.
Department of Management.

Elliot Richardson, as Secretary of HEW, had this to say about improving the situation:

Here, I am—as one must be—deeply troubled by the sense of failure, of frustration, of futility which pervades much of our human resource system—much of our society. And I am thoroughly convinced that the conceptual framework which has guided us in the past is no longer tenable.

For the foreseeable future there will remain the necessity to fix administrative responsibility for the resolution of issues which cut across Health, Education, and Welfare organizational units.

The Bureaucratic Labyrinth: Since 1961, the number of different HEW programs has tripled, and now exceeds 300. 54 of these programs overlap each other; 36 overlap programs of other departments. This almost random proliferation has fostered the development of a ridiculous labyrinth of bureaucracies, regulations and guidelines.

The average state now has between 80–100 *separate service* administrations and the average middle-sized city has between 400 and 500 human service providers—each of which is more typically organized in relation to a Federal program than in relation to a set of human problems.

But in none of this is there a rational approach to priority-setting. The appropriation process is itself highly fragmented. HEW's resource allocation is determined piecemeal by ten different subcommittees—with no coordination of any kind.

The Congress is not organized to bring the process of budgeting under rational control.

TABLE 5.—*An alternative HEW budget structure*

Financial Assistance to Individuals

Medicaid.
Medicare.
Student aid.
Social security.
Supplementary security income.
Aid to Families With Dependent Children.
Others.

Financial Assistance to States and Localities

Education

Disadvantaged.
Handicapped.
Vocational.
Import aid.
Support Services.

Health

Preventive services.
Medical services.
Others.

Social services

Children and families.
Disabled.
Aged.
Others.

Human Resources Development

Manpower development.
Market and services development.
Development.
Research and experimentation and dissemination.

Source: Based on national needs and objectives; derived from Eliot Richardson's "Mega" Proposal; Hearing before the Committee on Labor and Public Welfare, United States Senate, Ninety-Third Congress, First Session on Caspar W. Weinberger to be Secretary of Health, Education, and Welfare—Additional Consideration by Committee on Labor and Public Welfare, Part 2, Appendix, Comprehensive HEW Simplification and Reform "MEGA Proposal", 1973.

Table 5 gives an example of how HEW's budget and programs could be reconstructed under these amendments. Secretary Richardson said:

We must radically simplify our conception of the functions of HEW in order to make comprehensive analysis and administration manageable.

To this end, I recommend we conceive of HEW as having only three basic functions (to which each of its 300 programs might be assigned): (1) providing financial assistance to individuals; (2) providing financial assistance to states and localities; and (3) building human resources capacity.

Only with such a comprehensive and comprehensible conceptual framework will we be able rationally to engage, focus and sustain public attention and debate.

Mr. Richardson called for the same approach as my amendments:

First. Establish a clear picture of the functions to be performed (the needs to be met); and

Second. Cut through the artificial barriers of agencies and organizations that we use as a proxy for priorities.

The kind of mission-oriented budget structure connects budget choices and priorities with their impact on defense strategy and policy—unlike today when attention focuses on cutting one program out of dozens; or one activity like R.D.T. & E.; or making "pro rata" across-the-board cuts that may control spending but not defense priorities or the programs being evolved to meet them.

PROGRAM CONTROL INFORMATION

New programs to meet any specific need do not spring full-blown from executive agencies or from legislation. There is a natural evolution of steps: establishing the need for a new program in the first place—goals and objectives; exploring alternative approaches—research and development; choosing a preferred approach—demonstration, test and evaluation; and program implementation—operational phase.

All of these steps are crucial to program success and budget control. If Congress cannot review and judge the first two, it has been futile to try to control the last two. Only 5 percent of the program cost may be spent early but it determines how the remaining 95 percent will be used. The most effective way to control program funds is to control the early steps which lock in the levels of spending that Congress becomes more concerned with later. From weapons to social welfare programs, Congress becomes locked in by not having a clear chance to confirm needs, goals and the search for alternatives.

In defense, the big program choices are really either "go" or "no go" decisions—there are often no alternatives left to expensive systems. Congress often misses the key early decisions on needs and goals and alternatives that would give an opportunity to debate defense strategy and policy. Instead, large sums are spent in research and development for a single system which then is difficult to control in the budget.

In social programs, too, there has been poor congressional program control. Over-ambitious or ill-considered goals have helped create the budget crisis. Social scientists are arguing for more experimentation on workable approaches before funds are committed. Time and again, premature commitments have generated severe budget problems later.

The Congressional Procurement Commission found that—

Congress often cannot act as a credible and sensible check because programs provide no handles to enable Congress to interrelate the purpose of new systems and the dollars being spent on them with national policies and national needs. Instead, data is presented to Congress in "traditional" forms, inviting attention to already defined products and to annual budget, increments that finance development and production; and

Congress should be given the opportunity and information to understand the needs and goals for new programs in the context of National policy and priorities. Thereafter, they should be in a better position to monitor the development, procurement, and operating funds going to programs to meet these needs.

What has been lacking is:

A framework of program steps, and information about each, to give Congress visibility over program progress and control over program-related expenditures.

This same structure of basic steps and variations on it has been propounded by the Procurement Commission; the Research and Policy Committee of the Committee for Economic Development in their 1971 report on "Improving Federal Program Performance, a Statement on National Policy"; Ramo's 1969 book, "Cure For Chaos: Fresh Solutions to Social Problems Through the Systems Approach"; in Forrester's "Urban Dynamics"; in Danhof's "Government Contracting and Technological Change"; in Hall's "Methodology for System Engineering"; and many others.

The basic structure lies behind any organized problem-solving approach for large-scale programs and is being, and must be, reflected in Federal programs across the spectrum of national needs, and must also be reflected in the information the Congress sees and deals with as the Nation's highest deliberative body.

My membership on the Commission did not make me a budgetary expert but it did give me some insight as to how the budget is drawn up and how Congress often finds itself "locked in" to some

programs because Congress was "locked out" on early stages.

The "key" to the "locks" is for Congress to have budget information submitted that would reflect the key stages in administration's program evolution and have the programs then related to agency missions in terms of Federal functions and subfunctions.

Congress must have an early opportunity to debate and understand a program's purpose, to understand what problem it is we are trying to solve and the goals that we are trying to attain. That purpose ought to be carefully weighed by the appropriate congressional committees to determine its relationship to public needs, to the agency's mission and to other related Federal programs and whether the new program should be started at all. It is because we haven't had this kind of viewpoint in the past that accounts for the growing frustration and disillusionment with the results of Federal programs to meet both social and defense needs.

When Congress reviews programs at too late a stage, only relatively minor technical or program decisions can be challenged and these technical judgments more properly belong to the executive branch. As more programs get into trouble, the remedy has been for Congress to become immersed in a great mass of detail and trivia. In other words, the executive branch has taken over the congressional policy role and Congress is trying to perform a part of the executive branch operating role. JOHN RHODES of Arizona, who serves on three Appropriations Subcommittees, calls this kind of thing "stumbling over billions of dollars to pick up dimes."

Attached to the end of my statement are some specific examples from the Department of Health, Education, and Welfare and the Department of Defense to illustrate the difficulty Congress may have in following early program stages and the powerful effects these early steps have on program cost and effectiveness.

SUMMARY COMMENTS

Congress requires improved visibility over the budget as a whole and particularly the early phases of new programs. Congress should have the visibility within individual programs to effect control over the dollars that these programs eventually command.

It is at the beginning stages of any program, at the research and development level, that Congress ought to be directing most of its energies, because that 5 percent of the budget develops into 95 percent over the years, through small increases from budget to budget.

The most effective way to control programs is to control the early steps which actually determine the level of spending that Congress becomes concerned about later—when it is too late to do anything about it.

Current budget information draws the Congress to dwell excessively on detail. We are challenged to confront the budget on the budget's terms, challenged to become specialists and technical experts on smaller and more detailed aspects of Federal expenditures. And even when we are successful in this battle, we have lost the war because we have fragmented our view and control over the basic thrust, direction, and purpose of Federal expenditures. Such issues are never exposed in our current budget; they are hidden.

My amendments address a problem we all know only too well. Budgeting for a modern government is extremely complex and the armada of officials in executive agencies who prepare and justify the President's budget far outnumbers the congressional subcommittees and their small staffs. The question of how much money should be spent for a government program is often without a determinate answer. And though the amounts of money that executive agencies request and Congress appropriates are not unrestrained, Congress is in no position to know whether those amounts are well spent.

The budget must include information for Congress in a workable fashion for Congress to regain control. Individual programs must be keyed to functions and missions of Federal agencies and those functions and missions keyed to national needs and priorities. Congress must have that kind of understandable, coordinated information before it can realistically challenge different ways to meet the goals; confirm the way we will try to meet them and closely supervise how well our taxpayers' money is being spent.

Until that requirement is met, until the Congress receives a budget that is structured in practical and comparable fashion, Congress can talk all it wants to about reasserting itself. I fail to see how any budget can be controlled until it is fully understood.

In summary, let me say this: The legislation will require that information come to the Congress at key stages of program development—from the time the goals are set and while alternative means of achieving those goals are being explored. This will be the first time the Congress will receive such information on a regular basis for all agencies, all programs before they are committed.

This is absolutely essential for achieving congressional control of the budget and to stimulate the widest possible application of new technology to meet program goals. Without this type of information, the agencies came to the Congress with precooked solutions and programs that are already under way and predetermined in all their essential characteristics.

On top of this program control information, the legislation would also link all programs and program goals to human needs and national priorities rather than Government agencies. I think it can be a major step in making our Government efforts more visible to the public and more manageable for the Congress.

I ask unanimous consent that certain attachments and incorporated materials in connection with my statement be printed in the RECORD at this point.

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

PROGRAM INFORMATION EXAMPLES

HEW EXAMPLES

The need for a step-by-step, consistent framework for program control was spelled out clearly in the case of the Department of Health, Education, and Welfare by then Secretary Elliot Richardson who, in the face of poor planning and control, recommended a program structure of setting goals, exploring alternatives, and choosing for program implementation comparable to that called for in the bill:

"Early in 1970, I commissioned a study of HEW's experience with policy development and implementation. The study showed serious weaknesses—a reactive rather than active procedures; no systematic means for setting priorities for policy issues; a lack of coordination among legislative development, budgeting, and planning; erratic monitoring and coordination; lack of review procedures and quality controls; and lack of clear assignments of responsibility. In several cases enacted legislation had never been implemented, studies had been shelved with no provision to follow through on recommendations, and frequent duplication of effort occurred in staff offices and agencies.

"To overcome these shortcomings, we must recognize a sequence in which—

"(1) issues are identified and analyzed,

"(2) decisions are taken from among alternatives, and

"(3) legislation or appropriations are obtained and implemented with precise planning, monitoring and evaluation."

The second basic step of exploring alternatives before committing to a program approach is especially critical to program performance and ultimate program budget control. This competitive research and development phase has long been recognized as pivotal in defense programs but only recently have many of the problems in social programs been traced to poor control over this exploration of alternatives.

Budget control can be severely weakened unless alternatives are thoroughly explored and with congressional cognizance. Budget authority has been committed to program approaches that simply do not meet the needs or do so only at an unnecessarily high cost because new technology was not given a chance.

In one case of a new program designed to meet the nutritional need of older Americans former Secretary of HEW Richardson commented:

"We can predict with complete confidence that this new program—launched with much fanfare—will not possibly succeed in fulfilling its implicit promise. In point of fact, one hundred million dollars represents but a small fraction of the resources needed to get the intended job done. It will allow approximately 250 thousand older persons to be served—but we estimate that there are, at a minimum, 5 million older Americans who are eligible for service according to the definition of eligibility now prescribed by law. To serve that eligible population equitably would require at least two billion dollars per year. In effect, for every older American who is served by this program, there will be at least nineteen older Americans—eligible and similarly situated in need—who will not be served."

Preventing cases like this in the future will require more careful execution of the first two steps in the program framework: setting goals and exploring alternatives. Secretary Richardson made the case for these amendments' program control structure and their importance to budget control as follows:

"It is important to note that the cost of extending the present range of HEW services equitably—to all those who are similarly situated in need—is estimated to be approximately one quarter of a trillion dollars. That is, the additional cost would be roughly equivalent to the entire Federal budget!

". . . pressing a button may pass a law but it will not necessarily solve a problem.

"At a time of disillusionment with the integrity of government, however, ineffective responses to needs we do not really know how to meet can only compound distrust and reinforce alienation.

"We want to know what works. We want to know what works best. We want to know what it costs to get some improvements. We want to be able to measure the tradeoffs among competing alternatives in order to invest our limited resources in the most effective methods and programs.

"Research and Development programs merit special attention . . . reforming the structure of HEW program authorities will improve efficiency and effectiveness. But that alone cannot possibly result in the wholly satisfactory and equitable provision of the current range of human services to those in need . . . the job simply cannot be done with present technologies, for this would require the allocation of impossible sums (250 billion dollars—a 100 percent tax increase, which even if it were politically possible would be economically catastrophic). Clearly, we must organize our research and development to discover wholly new manpower and capital technologies for service delivery—with quantum leaps in efficiency. And we must work to overcome the irrational barriers from licensure and credentialing to fear—which impede the widespread application of proven new technologies."

The same emphasis on exploring alternatives came in the Brookings Institution's 1973 analysis of the budget and national priorities. Again, the problem is seen to be an inadequate postulation of the needs that are to be met and trying to meet them without knowing how:

"The problem in the 1960's was still seen primarily as determining *what* should be done and *how much* should be spent. The idea persisted that if one could identify a problem and allocate some Federal money to it, the problem would get solved.

"How is the use of medical care affected by changes in health insurance provisions? What effects do changes in tax rates or welfare programs actually have on how hard people look for jobs or strive for increased earnings? Would schools or school districts provide better education if they were rewarded for performance? How would effluent charges actually affect the volume of pollutants discharged into air and water?

"Unfortunately there is no way to answer most of these questions by statistical analysis of existing social systems. One cannot find out how the working poor would respond to a particular income maintenance system when no such system exists.

"For these reasons, the best way—perhaps the only way—of finding out how individuals and institutions respond to changes in incentives would seem to be to try out the incentives by embarking on a program of social experimentation.

"In many areas of social policy, no one really knows which techniques or approaches are successful and which are not. Even if school officials, hospital administrators, or manpower training specialists have the right incentives to seek efficient and effective courses of action, they often have no way of finding out what works and what does not work.

"(But) . . . it has become clear that in many areas of Federal concern, no one really knew what would work."

Under terms of these amendments, executive agencies would regularly inform Congress of the current activities to set program goals and their efforts to explore alternatives. Finally, Congress could challenge and approve the choice of a preferred program approach to gain the requisite oversight in order to appropriate funds for its implementation.

DEPARTMENT OF DEFENSE EXAMPLES

In its recommendations to establish a common program control framework, the Commission on Government Procurement traced most of the problems in weapons acquisition to the *absence* of such a logical control framework. Pertinent excerpts from the Commission analysis follow.

Congress and agency heads must exercise their responsibilities by participating effectively in key acquisition decisions that steer a program and determine which national problems are met; determine how successful agencies will be in performing their missions; and influence long-term patterns in the use and allocation of national resources. To participate effectively requires that meaningful information be brought forward for deliberation. Decisions on needs, goals, the choice of a system, and commitment of development and production resources must be presented in a clear and cohesive framework that can be referenced by all parties involved.

Congressional review of needs and goals

Without a clear understanding of the needs and goals for new programs, Congress is unable to exercise effectively its responsibilities to review expenditures and the allocation of national resources. This failure is partly encouraged by the timing and format used to present system acquisition programs and by the kinds of questions this format provokes. The wrong questions are asked early about research and development projects and, when the right ones are provoked by debate on a particular system, it is often too late for the answers to be relevant.

Current budgeting and review procedures expose the need and goals for a program to Congress at a time when a single system is proposed, with cost, schedule, and performance estimates often predicated on insufficient research and development efforts. At this stage, it is difficult to control costs because system characteristics are fixed within a narrow range. Thus, the cost to meet a mission need is largely determined by the costs of the new systems, not the worth of alternatives. This leaves Congress a futile choice: either pay the price or let the need go essentially unsatisfied. Congressional ability to deal with agency budgets and to provide meaningful guidelines to allocate limited national resources is seriously undermined.

Early acquisition plans concentrate on a "needed" new system and a preferred system approach with inadequate attention to why any new capability is needed at all and what the capability is worth.

One of the reasons new systems have been more and more complex and costly is that current acquisition procedures tend to say "this is what we need" from the outset.

Although Congress can see the defense program in terms of missions and systems already chosen to perform them, it does not review that start of the acquisition process, the establishment of needs and goals that precedes the search for alternatives. Issues on mission need first emerge for congressional review after the search for alternative systems essentially has been completed and a specific system is proposed for funding in the final stages of development in preparation for production. This makes control of agency budgets and allocation of resources to meet the national needs difficult at best.

Questions of national policies, priorities, and capabilities must precede and be separated from the search for a particular kind of system. Needs that specify a collection of system characteristics do not lend themselves to such questions because the system performance, cost, and availability are predetermined within a limited range, reflecting implied answers to mission needs and goals. The level of mission capability, the cost to achieve that capability, and the time it becomes available are three principal bases for setting goals for an acquisition program.

Two programs—the Cheyenne helicopter and the Trident submarine—illustrate these difficulties and the kind of information that would be brought forward to improve congressional visibility and control under my amendments.

The Cheyenne Helicopter

The Report of the Commission on Government Procurement presented the following case study analysis for this program.

Although the AH–56 Cheyenne helicopter appeared for large-scale funding in 1965, it began years earlier in exploratory development under a project titled "aircraft suppressive fire." Another project called "air mobility" also helped finance this early armed helicopter exploration. In about 1963, the project was moved into an advanced development project listed as "aircraft suppressive fire system." This was changed later to the "advanced aerial fire support system." With each change, the identifying project number was changed.

Although these funds were small, they were financing the activities leading to a Qualitative Material Requirement (QMR) being approved by Army headquarters in 1965. Among the work paid for was a system concept study by the Planning Research Corporation in 1964 and industry concept formulation studies between 1962 and 1965, all of which provided information for this requirement document.

To make the exploration of the system even more obscure, essential parts of the Cheyenne (the TOW missile and night-vision avionics) were funded under still different identifying numbers and accounted for separately. There was no consistent grouping of all funds directed toward improving the mission of close air support that were, in fact, being used to eliminate alternative systems and move toward the Cheyenne.

The Trident submarine

The roots of the Trident program date back to 1966. In 1966–67, the "Strat–X" studies began to define the needs and goals for increased strategic mission capability.

They indicated the need for an Advanced Sea-based Strategic Missile System built around a new submersible platform, Undersea Long Range Missile System (ULMS), later called Trident.

In December 1970, the Director of Defense Research and Engineering informed the Navy that ULMS was desirable and further indicated that Contract Definition should commence to allow Full Scale Engineering Development by 1970.

The Navy commenced initial detailed studies on ULMS in early 1968 and, on April 23, set forth the preliminary concept of ULMS, with planned milestones calling for completion of preliminary design in June 1970, contract design and longlead material procurement in fiscal year 1971 for the submarine, and missile characteristics definition by fiscal year 1971. Between 1967 and 1971, over 400 in-house studies decided—

(A) How much strategic capability was needed;

(B) How much we could afford to pay for it;

(C) When we should have it; and

(D) How to best get it: The Trident configuration.

Throughout this process, Congress had but a narrow and limited view of those key decisions that were assessing strategic offense mission capability, setting program goals and eliminating alternative kinds of systems which could meet them. The first identifiable piece of budget information came in 1968 when one of 4,000 project sheets of R&D information (a descriptive summary sheet, p. 275), went to the Armed Services Committee. It was located under the RDT&E subheadings

"Missiles and Related Equipment"

"6.32.06.47N Advanced Sea-Based Deterrent,"

"Project U15–09X, Undersea Long-Range Missile System,"

The Chairman of the R&D Subcommittee of the Senate Armed Services Committee has said that the subcommittee—four Senators and one staff man—had to examine $8 billion in R&D money going to about 4,000 projects. He said they were lucky if they could take a look or have a briefing or a hearing on 15 percent of the 4,000 projects. The Chairman of the Senate Armed Services Committee agreed that it was very difficult for Congress to get into it at all.

The early, very small expenditures for Trident flowed as shown in the chart:

HISTORY OF TRIDENT FUNDING, FISCAL YEAR 1972 AND PRIOR YEAR OBLIGATIONS

[In millions of dollars]

Fiscal year	Funds	Program element number
1968	$0.6	(Fiscal year 1971 and prior years are currently reflected under PE 63314N.)
1969	5.9	
1970	10.0	
1971	[1] 42.5	
1972	104.8	PE 64560 $39.7 (submarine). PE 64363 $65.1 (missile).
1973	821.6	PE 64560 $122.0 (submarine). PE 64363 $348.4 (missile). PE 11228N $351.2 (procurement).

[1] As of Dec. 31, 1972 (out of $43.7 fiscal year 1971 program).

The Trident case is only illustrative of the situation where the key early decisions that formulate programs and choose alternatives are not made regularly visible to the Congress. Although only a fractional percentage of the total program costs are involved, they determine how the bulk of program funds which follow will be spent and how effectively.

The overall effect is that Congress often feels backed into a corner when it comes to controlling the budget and program expenditures. In its Fiscal Year 1972 Authorization Report, the Senate Armed Services Committee complained that "in each area there is only a single weapon system available to modernize the forces—and this system is often a very costly one. This means that Congress is faced with the decision of approving the procurement of that system or denying modern weapons to our armed forces."

Mr. ERVIN. Mr. President, this bill that we are considering went through the Government Operations Committee and then went through the Committee on Rules and Administration. The Committee on Rules and Administration has not considered any proposal such as that incorporated in the Senator's amendment, and for that reason and other reasons I am constrained, reluctant as I am to do so, to oppose the amendment.

The measure before us is a bill to regulate a congressional budgetary system. The Senator's amendment, in effect, would change the executive budgetary system. We have reported out a bill, of which the distinguished Senator from Florida was the author, to make such a revision; a separate bill. It ought to stand on its own merits in that bill, S. 1414, and we ought not to complicate a bill to establish a congressional budgetary system with amendments to the executive budgetary system.

For this reason, and also because the Rules Committee has had no opportunity to consider this matter, I am compelled to ask the Senate to reject the amendment.

I wish the Senator would withdraw his amendment, because I think it is identical in large part with the bill the committee has reported favorably and already is on the calendar. I think we should not try to marry a congressional budgetary bill with an executive budgetary bill because it complicates legislation to do so. I wish the Senator would withdraw his amendment and let the bill which is now on the calendar and which deals with this same subject stand on its own feet.

Mr. CHILES. Mr. President, I am glad for the distinguished chairman's comments. Of course, the bill does not deal with any rule or reflect any change in the rule and, therefore, it would not be within the purview of the Rules Committee as such. The bill was considered by the Committee on Government Operations, and we did discuss it at that time, whether it should be made a part of the budget bill or make it as a separate bill. It would be eligible as an amendment to the budget bill. It is my feeling that this amendment is an important part of the budget-making process and would increase the information that would remain available to Congress and would, therefore, be a good addition to the budget bill, which I strongly support and feel is a good bill. That was the reason for proposing the amendment at this time.

Mr. ERVIN. I would like to ask the Senator if this does not contain the same provisions as S. 1414, which is on the calendar.

Mr. CHILES. I am sorry—I missed the last part.

Mr. ERVIN. Does not this amendment contain the same provisions as the independent bill, S. 1414 which appears on page 8 on the calendar?

Mr. CHILES. It does, Yes, sir.

Mr. ERVIN. I support the principle of the Senator's amendment, but we should not try to make siamese twins out of a bill to establish a congressional budgetary system and legislation which relates to an executive budgetary system as well. So I hope the Senator will withdraw his amendment and let us pass S. 1414 at a later date.

Mr. PERCY. Mr. President, will the Senator from Florida yield?

Mr. CHILES. I yield.

Mr. PERCY. It should be brought to the attention of the Senate, in addition to the comments the distinguished chairman has made, that the Office of Management and Budget does oppose the amendment. OMB indicates that the amendment would be a prescription for making agency budget justification statements too voluminous to use within the time constraints that S. 1541 would set.

Obviously, all of us would be concerned if the major executive branch agency working with us feels that we are imposing on them a requirement that would make it difficult to meet the schedules that have been outlined. This would be a serious blow at the whole essence of what we are trying to accomplish.

The amendments would require that the budget summarize "agency programs and basic program steps" and that each agency "furnish information in support of its budget requests in accordance with its assigned missions in terms of Federal functions and subfunctions" and to "relate all programs to agency missions." To the extent that this does not duplicate information already presented in the budget or in agency justification statements, it would add such a large volume of information that it would either overburden the decisionmaking processes or not be used. It is our impression that the appropriations subcommittees obtain now the information they want and can use. Certainly, the committees can ask for what information is desired. They will request it only if they need it and think they can actually use it and that they can continue the process.

I understand also that there is objection from some of those who have worked on title VIII. Title VIII provides for a GAO–OMB effort to reclassify and categorize existing budget information. In other words, we only now, this year, in 1974, actually began to be able to present the current budget, that is, the accounts budget in a standard uniform way from agency to agency. To impose another requirement under a program budget is extremely difficult and probably premature and even, maybe, impossible.

Of course, obviously nothing is impossible if we muster enough resources but I am concerned about the feeling it would make other time requirements in the bill difficult if not impossible to achieve.

For these reasons, regretfully, I would oppose the amendment but would certainly look more favorably on it if presented as a separate bill.

Mr. CHILES. Mr. President, after listening to this colloquy with the distinguished chairman and the ranking minority member on the committee, I will withdraw the amendment.

The PRESIDING OFFICER (Mr. BEALL). The amendment is withdrawn.

Mr. ERVIN. Mr. President, I want to thank the Senator from Florida. I think it will be better to handle it in the form of a separate bill which is now on the calendar.

AMENDMENT NO. 1033

Mr. HUMPHREY. Mr. President, I have some amendments at the desk and I would like to call up now my Amendment No. 1033.

The PRESIDING OFFICER. The amendment will be stated.

The second assistant legislative clerk read as follows:

On page 171, line 5, after "SEC. 701.", insert "(a)".

After line 14, insert the following:

"(b) To carry out such required analysis, appraisal, and evaluation, such committees of the Senate shall each establish a subcommittee on legislative review, which shall have the duty to conduct for the committee the responsibilities assigned to the committees by this section, and to report to the committee to which each such subcommittee is responsible the results of the analysis, appraisal, and evaluation conducted under this section, together with such recommendations as the subcommittee deems appropriate.

"(c) Subsection (b) of this section is enacted as an exercise of the rulemaking power

of the Senate, subject to and with full recognition of the power of the Senate to enact or change any rule of the Senate at any time in its exercise of its constitutional right to determine the rules of its proceedings. Nothing in this section shall be construed, however, as precluding any legislative review subcommittee of the Senate from conducting hearings and engaging in other deliberations jointly with such committees or subcommittees of the House of Representatives which the House may designate to conduct the analyses, appraisals, and reviews required under this title.".

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a member of my staff, Clifford Miller, be permitted the privilege of the floor during the consideration of S. 1541.

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

AMENDMENT NO. 1030

Mr. HUMPHREY. Mr. President, I am not sure that I called up the right amendment at this time. Amendment No. 1030 is the one I wish called up.

The PRESIDING OFFICER. Amendment No. 1033 was stated. Amendment No. 1033 is withdrawn for the time being and the clerk will state Amendment No. 1030.

The second legislative clerk read as follows:

On page 107, line 2, delete the word "and," and after line 2 insert the following:

"(D) to receive and review all information, data, analyses, and reports prepared by the Congressional Office of the Budget on the subjects of long-range national growth and development, goals, and priorities, reviewing such materials and using them as a guide during deliberation on concurrent resolutions on the budget and in carrying out other duties assigned to the Committee on the Budget as required under titles III and IV of this Act.".

On line 3, strike "(D)" and insert "(E)".

On page 116, after line 25, insert the following:

"(g) NATIONAL GROWTH, DEVELOPMENT, GOALS, AND PRIORITIES.—In keeping with the purposes of this Act, to establish national goals and priorities to meet the needs of a strong national economy, the Office shall review on a continuing basis all legislation, trends, and developments in government at the Federal, State, and local levels, and related trends and developments in the private sector, including available national resources, which affect the Nation's growth and development, goals, and priorities. Once each year the Office shall submit to the Committees on the Budget of both Houses and to each House of Congress a 'National Growth, Development, Goals, and Priorities Report', containing such information, data, and analyses as the Director shall deem necessary to enable Congress to consider fiscal and budgetary matters in terms of balanced national growth and development policies and national goals and priorities. The Office may also submit to the Committees on the Budget, from time to time, materials such as additional data, analyses, and information on the subjects of growth, development, goals, and priorities, and in addition shall provide such materials on request to any Member or committee, or either House of Congress.".

Mr. HUMPHREY. Mr. President, this amendment, through a fairly simple device, would place congressional budget-making in perspective, recognizing that the Federal budget has a massive impact on the Nation's growth and development and is, in effect, a statement of the Nation's goals and priorities.

I suppose it is fair to say that there is no single action that takes place in the total economy that has a greater impact on the economy and the future development of this country than the annual Federal budget. The size of that budget alone indicates what its impact would be.

The pending bill is an outstanding document and I surely want to compliment the two committees, the Committee on Government Operations and the Committee on Rules and Administration. They have perfected this legislation thus far and we are indebted to the members of those two committees.

Many of my colleagues already have noted that this bill is the product of intensive study and deliberation spanning over 2 years. It goes a long way toward a constructive, orderly, and logical process for congressional decisions in Federal spending and revenue measures. Its enactment would be a truly historic development, a signal that Congress is, indeed, committed to major, meaningful self-reform. Therefore, I commend those who took part in the strenuous task of drafting the bill and I am pleased with many of the ideas.

In particular, with reference to the amendment I am now offering, I am pleased to see that there is provision for 5-year budget forecasts both by the President and by Congress. This attempt to look ahead of the budget proposals before Congress in any given year is essential, if we are to be well-informed as we consider budget bills and resolutions.

The adoption of my amendment would strengthen the ability of Congress to achieve what the drafters of the bill have proposed. In addition to the 5-year projections already included in the bill, my amendment would specifically instruct the Budget Committees of the Senate and House to use information on long-range national growth and development, goals and priorities as a guide in their budget deliberations.

The amendment further instructs the new Congressional Office on the Budget to assemble such materials, and to report them once annually to the Budget Committees. The machinery for the Office to perform this task is already included in the bill, in the provisions authorizing the Office to call upon other agencies of the executive and legislative branches for information and data.

I commend those who prepared the report accompanying the bill. It is one of the most descriptive reports on legislation that we have had. It is pointed out in the report that there likely will be a slack period after the office—that is, the Congressional Office of the Budget—and the Budget Committees have completed their work on one year's budget and before they begin consideration of the next.

Under my amendment, it will be noted that no date is specified for the Office to submit its annual report to the committees. The timing is left to the discretion of the director of the Office, who presumably would schedule the report for that slack period.

I believe such a report can be prepared, that it can be a report of meaning and substance, without overburdening the Office. The authority of the Office to rely on other Government agencies assures this. But I believe it is appropriate and essential that the report itself be prepared by the Office, an arm of Congress, rather than an executive branch agency.

But the key element in this amendment is its requirement for the Committees on the Budget to use information relating to long-range national growth and development, goals and priorities as a guide in their budget deliberations—in other words, to take into consideration each year what the impact of that budget will be on the development of this country for years to come. It is absolutely essential that our Government have some long-range projections and forecasts, and it is important that this be a part of congressional activity, as well as being done on the executive side.

The provision for 5-year budget projections is an important and desirable improvement over present procedures. But those projections will become infinitely more meaningful if they can be weighed against the Nation's long-range prospects, opportunities, and needs as assessed by the numerous experts and specialists already employed in the Federal Government and dealing with these questions.

Mr. President, this amendment is the result of having spent approximately 4 years of my life on study of the subject of national growth and development. It is shocking to note that the U.S. Government has no instrumentality for setting goals and priorities and for projections of development and growth. The last time we had anything like this was in 1940, with the National Resources Planning Board.

This amendment does not set up any elaborate machinery at all. In fact, it merely is a guide or an instruction to the budget committee and to the Congressional Office of the Budget. The amendment speaks for itself. It reads:

In keeping with the purposes of this Act, to establish national goals and priorities to meet the needs of a strong national economy, the Office shall review on a continuing basis all legislation, trends, and developments in government at the Federal, State, and local levels, and related trends and developments in the private sector, including available national resources, which affect the Nation's growth and development, goals, and priorities. Once each year the Office shall submit to the Committees on the Budget of both Houses and to each House of Congress a "National Growth, Development, Goals, and Priorities Report," containing such information, data, and analyses as the Director shall deem necessary to enable Congress to consider fiscal and budgetary matters in terms of balanced national growth and development policies and national goals and priorities. The Office may also submit to the Committees on the Budget, from time to time, materials such as additional data, analyses, and information on the subjects of growth, development, goals, and priorities, and in addition shall provide such materials on request to any Member or committee, or either House of Congress.

Mr. President, I hope the committee will look with favor upon this modest amendment. I believe that all it does, in fact, is to accentuate what the bill already has as one of its directions. It

simply fortifies the 5-year budget projection and places a responsibility upon the Congressional Office of the Budget to take into consideration the long-term impact of Federal expenditures and investments upon the American economy. It is designed to give us a sense of where we are going and some sense of direction as to where we might ultimately arrive.

I hope that the chairman of the committee, or whoever may be handling this part of the bill, will look with favor upon this matter.

Mr. ERVIN. Mr. President, I thought the committee was putting quite a responsibility on the Congressional Office of the Budget when it required that Office to make studies for 5 years on fiscal matters. This amendment would require a study on matters having a very indirect relationship to the bill, not for 5 years, but until the last lingering echo of Gabriel's horn trembles into ultimate silence.

In addition, it runs contrary to the purpose of this bill, which is to enable Congress to do what it can to set the Federal financial house in order. This amendment would require the Office to make studies which really are the business of Senators and Representatives and Presidents. The Office would have to study, on a continuing basis, all legislation, trends, and developments in Government at the Federal, State, and local levels, and related trends and developments in the private sector which affect the Nation's growth and development goals and priorities. The Office would have to make studies related to every possible aspect of the future of this Nation.

I agree with the distinguished Senator from Minnesota that that might be desirable, but I think a different organization should make those kinds of studies, instead of what is essentially an organization to study fiscal and economic conditions of the country to enable Congress to prepare a congressional budget for 1 year at a time.

This amendment would change the entire concept embodied in the Congressional Office of the Budget, and for that reason I do not think it has any place in this bill.

I suggest to the Senator from Minnesota that he consider setting up some other agency to study national goals and priorities and all these things which relate not only to congressional legislation but also to State legislation and the affairs of the private sector. That is entirely beyond the scope and intent and purpose of this particular bill.

Mr. HUMPHREY. Mr. President, what is the time situation on the amendment?

The PRESIDING OFFICER. There is no time limit on the amendment.

Mr. HUMPHREY. Mr. President, I recognize the sincerity of the argument of the distinguished chairman. I think he is dead wrong, and I want to address myself to it.

The Federal budget is not an item unto itself, and that is what has been wrong around here. The Federal budget is related to State budgets and local community budgets, but we pay no attention to State and local budgets. The Federal budget is also related to the private sector, and the private sector is related to the Federal budget.

For this body to try to ignore the fact that a budget of more than $300 billion has an impact upon the private economy is to deny its reason for being here. To say that what develops in the private economy has no effect upon the budget is to ignore what the tax revenues will be, what the income of the people will be.

This amendment is only a guideline for the Congressional Office of the Budget to try to take into consideration, for the purpose of informing Congress, what the impact of this budget will be for fiscal year 1975, 1976, 1977, or whatever year is being used, on the long-term growth and development of our country. Also, to advise what its impact will be on priorities and goals of our country. I think this is a logical extension of the five budget projections. But again I most sincerely say that if we in Congress think by legislating on a Federal budget we are immune from what is going on in the private sector of the economy, we are living in a fool's paradise. What happens in this regard has a great effect on the economy. It will have a great effect on the gross national product, an impact that will be felt at Federal, State, and local levels. We cannot prepare budgets in a vacuum and we should not.

I think the bill before us is an extraordinarily good document and I have paid my compliments to the committees. They have done an extraordinarily good job, but that does not mean it cannot be improved.

The Government of the United States is the only government in the world that does not have some instrumentality or some agency to give some sense of direction to national growth and development. One can say, "Well, this ought to come on some other bill." But the time is now; the task is urgent, to quote Victor Hugo, since we all like to be kind of intellectual around here. The longer we put this off, the worse it will get. Had we had this before, we would have known more about the energy situation. What does this have to do with the oil industry? It has a great deal to do with the oil industry in terms of the impact of research or the lack of research.

One item after another is involved here. The entire transportation system of this country is involved. Are we going to say that the Federal budget will have no impact on the growth of the transportation system of this country? What kind of transportation system are we going to have; what kind of transportation system should we have? Are we going to ignore in each national budget what should be the goal of this country in transportation? Or are we going to say that it is the problem of the railroads, that it is the problem of the buslines, that it is the problem of the airlines? That is the trouble and today our transportation system is inadequate for the task.

Mr. President, we may not adopt this amendment, but that would not be the first time we have failed to do what we should do. The need to prepare some system for ascertaining goals and priorities of this Nation is clear and unmistakable, and if we do not do it in Congress, the executive branch should do it by itself, but I hope we can do it in partnership. For Congress to have a mechanism to work with the private sector on national growth and development is absolutely essential.

We have housing legislation involving billions of dollars. But that is not the only problem. The problem is: Where are the people going to live? Where should they live? Under what conditions should they live there?

In this body we passed a great Environmental Protection Act, which is long overdue. The author of the bill, the Senator from Maine (Mr. MUSKIE) is in the Chamber. It was long overdue, but no one took into consideration what would happen through the change in the economy with that kind of legislation. Let us have a goal with respect to gas and oil. For instance there is the impact upon the automobile industry.

This amendment proposes to ask the Office of the Budget, which is a congressionally created office, to give us some idea where we are going and what the impact will be year by year upon the total, long-range goals of this country. Hopefully, we can set some goals and priorities. I doubt anyone here knows what our goals and priorities are. We have not made up our minds with respect to what we want to do and what timetable we want to have for accomplishment of our objectives. We do not have any goals.

What are our goals with respect to housing and health, with respect to manpower training and education? We have not made up our minds. Everybody cannot be on first; somebody has to be in the dugout.

Again, I want to say this is not the kind of amendment I think the Nation ultimately will need. I think we need at the national level an office of national growth and development and we need in the Congress a joint committee on national growth and development. I think we need to start to plan for the use of our resources and to have a mechanism for setting up goals and priorities, for setting up guidelines, forecasts and projections. But just to project a 5-year Federal budget without relation to its effect on the balance of the economy is not the answer. It is better than what we have. The 1-year annual budget has serious limitations. The 5-year projection is a commendable improvement but it is important to know what the budgets in those 5 years will do to the total national economy.

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

Mr. HUMPHREY. I yield.

Mr. MUSKIE. I do not think it needs to be argued that the process the Senator urges is a process that is needed, not only in the executive branch of government but also in the congressional branch, as well. I think it is important to point out to the Senator that we did consider legislation of this kind briefly in committee in connection with this budget reform legislation.

The distinguished Senator from Florida (Mr. CHILES) introduced legislation asking us to consider adding it to the budget bill. At that point in the consideration of the budget bill we felt we had not had an opportunity to give mature consideration to that function as a responsibility of the proposed congressional office of the budget so the Senator from Florida was urged to have the bill reported separately. It was reported separately and it is on the calendar as S. 1414. *It has the support* of the Senator from North Carolina (Mr. ERVIN) and the Senator from Illinois (Mr. PERCY), and I think it has the support of the full committee. It well may end up in the congressional office of the budget. It may well do that, but we felt most of the 8 months of effort we gave to the budget reform bill should be devoted to the budgetary responsibilities and that we should not casually introduce this very important responsibility at a late hour in committee consideration of the bill.

I speak for myself and I think for the other Senators named. We are all for this kind of approach. We see it as being part of the responsibilities of the COB down the road, but we did not want to overcomplicate the pure budget reform with which we had been occupied most of this year. So I would like to associate myself with the Senator in connection with most of what he would like to do. But S. 1414 will have the support of the committee, I think, and perhaps end up at the same place.

Mr. HUMPHREY. I thank the Senator. I always feel the time to do what needs to be done is when the time arrives and since the committee has seen fit to approve this concept—and I was unaware of that—I hope it would not seem out of place to give it consideration in this bill.

Ultimately, as has been indicated, it has had committee consideration. But I must say, with all due respect, that even if it had not had committee consideration, that does not necessarily deny the opportunity to offer it here on the floor and, hopefully, have it acted upon with favor.

Mr. MUSKIE. Mr. President, will the Senator yield again?

Mr. HUMPHREY. I yield.

Mr. MUSKIE. May I make this point clear? It was because we were not certain that the Congressional Office of the Budget was the place in which ultimately to rest that responsibility that we proposed to set it up separately. The Senator from Florida (Mr. CHILES) would set up a separate Office on Goals and Priorities. We think it better to start it down that road rather than tie the two together. That is a pragmatic judgment. As the Senator has said, any Senator has the right to do so and any idea can be proposed on the floor if the Senator so wishes. I thought it would be useful to the Senator's discussion to give him this legislative history.

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

Mr. HUMPHREY. I yield.

Mr. PERCY. Though I would oppose having the Congressional Office of the Budget having imposed on it at this time this huge responsibility, at the same time I would like to say, as I have told the Senator from Florida (Mr. CHILES) before, I would strongly support a separate office being established at an appropriate time for this purpose. I cannot think of anything that would be more important than for Congress to take a long look ahead to see where we are going. Too often the Government deals with urgent legislation rather than that which is ultimately important. We are always dealing in crises.

The Senator from Minnesota has focused our attention on the fact that we have to have national goals, we have to have a sense of priorities, we ought to have some plan in mind as to the road we ought to be traveling on.

The depth of my own feeling on this goes back to a conversation I had in 1958 with President Eisenhower, when I proposed to him that we establish a Commission on National Goals. The President became very excited about the idea, so much so—that was in December 1958—that he took away from the printer the state of the Union message that he had virtually wrapped up, and we sat there a whole day working on the state of the Union message, and the proposal to establish a Commission on National Goals, which was incorporated in his state of the Union message in January 1959.

The consequence of the proposal being made by the Senator from Minnesota is indicated by the fact that it took almost a year to establish that Commission, a distinguished president of Brown University was selected to chair that Commission, the Commission members were drawn from all over the country, the expense involved was so great that it took months to find money for that particular Commission. Ultimately it was formed. It met innumerable times over a period of a year, and ultimately a final report was issued. But I think the distinguished Senator will recall that President Eisenhower felt that each of the parties should have a way to implement the national goals. At that time, the Committee on Programs and Progress in the Republican Party was established. I was asked to serve as chairman of it, which I did. The Democratic Party set up a counterpart committee on how to implement the goals. But the establishment of the Commission on National Goals took so long that both parties had set up their own committees long before the Commission on National Goals had issued a report.

I feel something like this is needed. I think the objectives which have been pointed out both by the Senator from Florida (Mr. CHILES) and the Senator from Minnesota (Mr. HUMPHREY) are worthy. But I look at the responsibility we have imposed upon the Congressional Office of the Budget, and realize we have not yet a director or a deputy director, and have not even created the office yet. We are imposing on that office the duty to make reports to Congress with respect to revenue losses attributable to present Federal tax laws. We require it to develop information with respect to the effect of existing law on revenues, authorizations, budget authority, and outlays for the current fiscal year and three fiscal years thereafter. We impose on it the duty to obtain information from executive and legislative agencies. We impose on it the duty to provide analyses of the effect which each amendment to the concurrent resolution would have on budget authority and outlays. We impose on it the duty of preparing and making available, at the close of each day of consideration of a concurrent resolution, an analysis of the effect all amendments agreed to would have on both the new budget authority and outlays. We impose on it the duty to undertake studies and provide assistance to committees having jurisdiction over budget authority legislation, in compliance with requirements with respect to amendments to the concurrent resolution.

We impose on it the duty to prepare the following with respect to each reported bill: an estimate of costs to be incurred in the fiscal year when effective, and in each of the 2 following fiscal years; a comparison of such estimate with the estimate made by the reporting committee and any reporting agency; and a list of existing and proposed Federal programs which would provide assistance for the objectives of the program authorized by the bill. And there are many other duties.

The requirements on the Congressional Office of the Budget are so great, and that objective so noble and worthy in the estimate of the reporting committees that to give it at the same time, and simultaneous with its establishment, the requirement "to establish national goals and priorities to meet the needs of a strong national economy," to "review on a continuing basis all legislation, trends, and developments in the private sector, including available national resources, which affect the Nation's growth and development, goals and priorities" is such a huge responsibility that it is little wonder that Nelson Rockefeller, in setting up the Commission on Critical Choices, has initially put in $1 million of his own money, $1 million of Laurence Rockefeller's money, and is looking for $10 to $15 million more to fund just a one-time commission.

If we turn from our effort to create a new Congressional Office of the Budget and ask it to undertake that kind of work, which would really dwarf the obligations imposed under this bill, it would mean requiring an entirely different type of personnel, a different goal, a different approach, a different kind of analysis, and I tend to think we will end up doing both jobs poorly, whereas I think they are both worthy of being done well.

Let us first give the job of being the fiscal watchdog of the Congress to this Office of the Budget in the Congress, and then let us set up a separate commission or body for that other purpose, which takes a long-range look at things. I would absolutely support the creation of such a body, but I regretfully could not encumber this bill with it, because it would absolutely bog it down and take our eyes away from the specific goal we have here of restoring the responsible role the Constitution gives to the Congress in the way of appropriating, authorizing, and spend-

ing our money and managing our fiscal affairs, a responsibility that we have abdicated and that we want to focus on in this bill.

Mr. HUMPHREY. I have great respect for the Senator from Illinois and his great experience both in public and private life. He knows that. I again repeat that my regard for this bill is one of great pleasure that it has been placed before us. I think it is a tremendous piece of legislation. But I would not be true to my own concerns if I did not express once again what I think are very serious limitations. I ask Congress to broaden its view. I think Congress tends to look at the budget as something separate and distinct from the rest of our economy. With a present budget of $304 billion, as the committee reports, that is no small item, and it has a tremendous effect upon national growth and development and in the quest for goals and priorities. I am for goals and priorities. We need to have goals and priorities, but we need also to know how our Nation is growing. We need to know the effect of what we do here. Obviously, we have seen over the years what the effect of spending is. For example, the Department of Agriculture opened 160 million acres of land, but they forgot to contact the fertilizer industry. Very interesting. How are they going to get the land to produce?

It seems to me that we ought to have some sense of planning, forecasting, and guidance. I realize that we do not have that problem in every bill, but these are matters that ought to be handled properly.

I have been around here long enough to be able to count. I am aware of the unanimous reluctance to accept this amendment. It is not going to go very far. But that does not stop me. I feel that we have to do something.

This Government is derelict in its responsibility to the American people when it appropriates money without regard to its impact and the effect it will have on policy. We talk about monetary policy without regard to what its effect will be on the American people generally.

The time has come when we must realize that the economy will be bigger next year. What will it be in a few years when the population is 350 million?

If there is any area that has demonstrated a failure in planning, it has been the transportation program. Take the farm-to-market roads, that are supposed to provide the means of bringing food from the farms to the marketplace. They receive second- and third-rate attention. We have got to find a way to get our food to market. We can starve in the midst of plenty. There is plenty of food on the farm, but it needs to be processed and transported.

We pass millions of dollars for housing bills—yes, billions of dollars. But we need to know how the funds are handled and whether they are properly administered. We need to know what that means, in the long term, to the United States of America. Everyone cannot live on the eastern seaboard. Everyone cannot move to Chicago or Miami. Our problem is that we have never had any priorities. The amendment of the Senator from Florida (Mr. CHILES) is good. My staff assistant has brought it to my attention. Compared with the amendment I have offered, I do not consider his amendment basic enough. My amendment is but an extension of the bill. It is projected in the bill.

But, Mr. President, I have some other amendments. I have spoken with the distinguished and most able chairman of the Committee on Government Operations (Mr. ERVIN), the ranking member of the committee (Mr. PERCY), and the distinguished Senator from Maine (Mr. MUSKIE), who have seen fit to say this is a good measure, but "not now. We prefer to wait just a little while."

The distinguished Senator from Florida (Mr. CHILES) is an extremely able Senator and a member of the Committee on Government Operations. I commend him for his leadership. I shall be glad to join him. I am interested in legislation, not in the parenthood of legislation. I know that for 34 years nothing has been done. For 34 years this Government has been awaiting the planning of an instrumentality. For 34 years we have been watching, with no projections except from the Bureau of the Budget. The Bureau of the Budget has not been able to project what the impact of the budget would be on the Nation. We have a countryside that has lost millions of people to the cities. We have in this country a great need for transportation and educational systems. We have a distorted pattern of health care facilities, with hospitals in the big cities, and without adequate facilities in the rural countryside.

The Senator from Minnesota is pleading for national priorities and for national growth policies, because they are needed. They are required.

Mr. President, I withdraw my amendment.

The PRESIDENT pro tempore. The amendment is withdrawn.

Mr. HARRY F. BYRD, JR. Mr. President, I submit an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 166, line 11, insert the following: In such Budget, beginning with the fiscal year 1976, nontrust fund outlays shall not exceed nontrust fund revenues.

Mr. HARRY F. BYRD, JR. Mr. President, this is a one-sentence amendment. It amends title VI of the committee bill. The caption of title VI is "Matters To Be Included in the President's Budget." This proposal states that among the matters to be included is a balanced budget.

I invite the attention of the Senate to the speech delivered on July 18, 1973, by President Nixon, and I quote a paragraph from that speech.

The key to success of our anti-inflation effort is the budget . . . I propose that we should now take a balanced budget as our goal . . .

This is the opportunity to begin that process, to bring about a balanced budget. Two steps are necessary, of course. The first step is that the President must submit to Congress a balanced budget. Unless that is done as a practical matter, there is no hope of achieving a balanced budget.

What has happened in recent year is that Presidents have submitted to Congress deliberately unbalanced budgets. The current budget submitted by the President of the United States will show by his own figures, a deficit of $18 billion. There is no way that a balanced budget can be achieved when he sends to Congress a budget which is badly out of balance.

The one-sentence proposal offered by the senior Senator from Virginia for himself and for the distinguished junior Senator from North Carolina (Mr. HELMS) would do only one thing. It would be to add a sentence to title VI, requiring that beginning with fiscal year 1976 the President submit a balanced budget.

This proposal would not affect the budget which Congress is working on now. It would not affect fiscal 1975. It would affect the budget which the President will next submit, dealing with fiscal 1976.

The purpose of the legislation before us is to try to bring about some semblance of responsibility in handling tax funds. Where do those funds come from? They come out of the pockets of the wage earners. That is the only place the Government can get money. And I submit that these huge deficits which our Government has been running year after year are the major cause of inflation. That is the major reason why the purchasing power of the wage earner's dollar has decreased 20 percent in a 3-year period: these huge Government deficits.

As President Nixon stated on July 18 of last year, if we are going to bring fiscal responsibility to this country, we must cut back to a balanced budget. This amendment would be the first step toward achieving that objective.

A vote was taken on an amendment similar to this—identical, as a matter of fact, except for the phraseology; it was identical in purpose—on November 29, 1973, and it received 43 votes in the Senate. It was not enacted; it was tabled by a vote of 46 to 43, but it did receive 43 votes.

If we are going to be serious about attempting to bring about fiscal responsibility, if we are going to be serious about attempting to get inflation under control by getting Government spending under control, then this is a desirable first step.

I say again, Mr. President, that the only thing this amendment would do would be, beginning in fiscal year 1976, to require the President to submit to Congress a budget that is in balance.

I wonder if I might ask the distinguished floor manager of the bill whether he would be inclined to accept the amendment, because I believe it would greatly strengthen the proposal which has been brought in by the committee.

Mr. ERVIN. Mr. President, no comparable proposal was considered by either the Committee on Government Operations or the Committee on Rules, and I would not feel at liberty to accept the amendment.

Like the Senator from Virginia, I would like to see a balanced budget above everything else, but I think the best way to handle that in a rational manner would be to pass this bill and consider that subject when it comes up under the executive budgetary bill. Certainly it would be an exercise in futility to agree to this amendment and then find the budget could not be balanced.

Mr. HARRY F. BYRD, JR. Mr. President, if the Senator will yield, what this proposal does is say the President shall submit a balanced budget. Congress can then work its will. But it says the President shall submit a balanced budget. It is only a one-line amendment.

Mr. ERVIN. Yes, but I still feel that, since this bill has been considered over a period of about 10 months, altogether, by the two committees, I do not feel at liberty to accept the amendment. I would rather have it offered, as I said to the Senator from Florida, as an amendment to the executive budgetary bill, rather than to S. 1541.

Mr. HARRY F. BYRD JR. But I say to my distinguished friend from North Carolina, that if he will turn to page 165 of the bill, he will find that this proposal ties in precisely with title VI, which is captioned "Matters To Be Included in the President's Budget." This legislation itself already directs the President what to include in his budget. The amendment merely goes one step farther and says he shall submit a balanced budget.

Mr. ERVIN. Well, I would not feel at liberty to accept an amendment on a proposition never considered by either of the committees. The committees have worked on this bill. I might say to the distinguished Senator from Virginia that the Government Operations Committee worked on it at least 8 months and the Rules Committee at least 2 months, and I would not favor adding an amendment which had not been considered by either of the committees.

Mr. HARRY F. BYRD, JR. I can understand the Senator's position. As chairman of the committee, he feels quite properly that he could not speak for either or both of the committees in this regard.

Mr. PERCY. Mr. President, will the distinguished Senator yield for a question?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Illinois.

Mr. PERCY. I believe while the Senator from Virginia and the Senator from Illinois were in the Chamber last night we discussed the concept of a balanced budget.

Mr. HARRY F. BYRD, JR. Well, we did not discuss it in such specific terms. I am trying now to get back to specific terms.

Mr. PERCY. No, that is right. The Senator from Virginia is very specific now.

I believe very deeply in the principle of a balanced budget. As I have said before, I have never had an unbalanced budget in any business I have been connected with, in my personal life, or in any activity until I came to the Senate. Then I was aghast to find that no one was even thinking in terms of a balanced budget. That did not even seem to be a goal toward which we worked, until this concept of a balanced budget at full employment came up.

Mr. HARRY F. BYRD, JR. If I may say so to the Senator from Illinois, that is simply a fraud on the American people.

Mr. PERCY. I would not wish to be so indelicate, myself, as to say it was a fraud.

Mr. HARRY F. BYRD, JR. I said it; the Senator did not.

Mr. PERCY. But I certainly would not entirely disagree with what the Senator has said. After all, what is normal unemployment? Is it 4 percent, 4.5 percent, 3.5 percent, or whatever it may be?

When we were considering tax legislation for fiscal 1968, we were in a period of high economic activity and a period of inflation, and yet we still had from the administration a budget with a large deficit. At that time, the former Senator from Delaware, Mr. Williams, introduced a bill which mandated by law that that budget must be cut by $6 billion, and we ended up, on a unified basis, with a balanced budget giving us a $3.3 billion surplus, but it still provided for outlays greater than income, which was not really a balanced budget, in accordance with the principle that the Senator from Virginia wanted, but it came closer than it would have otherwise.

Mr. HARRY F. BYRD, JR. That is in the ability to sustain deficit figures.

Mr. PERCY. Right. I ask this question of the Senator from Virginia: What happens when the Nation is at war—let us say in World War II, when we had no regard for whether we were running a balanced budget in those years because the survival of the free world was at stake and we were willing to mortgage our future for the present in order to have the resources available in the present to protect the future? What happens in a period like that under a mandated legislative requirement that apparently, no matter what, we have a balanced budget year after year?

Mr. HARRY F. BYRD, JR. In a time of emergency, Congress can change it quickly, whenever it so desires to change it.

Mr. PERCY. In other words, Congress could change it during a war as that would be an emergency. That would be natural. Everyone would understand that, and we would immediately change the principle. What would happen if the Nation were plunged into a depression such as in the 1930's when, obviously, the principles of Herbert Hoover were unacceptable to the American people and he was voted out of office? Of course, as I recall, President Roosevelt, in 1931, before he became President or ran for office, if my memory serves me correctly, talked about fiscal responsibility and a balanced budget; but when he came in, he said, "Let's go to work and develop all these agencies," and they spent a great deal of money so that we presumably were going to spend ourselves back to prosperity. But whether that philosophy was right or wrong, the country demanded those kinds of expenditures, and they were made. What would happen during a period of depression or a deep recession? Would the Senator from Virginia still insist at that time on a balanced budget?

Mr. HARRY F. BYRD, JR. I would say that if Congress is willing to enact this legislation which applies to the beginning of fiscal year 1976, the next budget which would be submitted, that the President would then submit to Congress, would be a balanced budget. Congress could make the decision as to whether it wanted to accept that budget, in balance as the President submitted it, or whether Congress wanted to change it. Of course it would be free to do whatever it believed was necessary under the conditions that existed.

But, as I see it, if we are going to get back to a balanced budget, or get to a balanced budget, I should say that the first step must be for the Chief Executive to submit a balanced budget. Until that is done, we will never get a balanced budget. This provides for the first step.

Mr. PERCY. Suppose the Chief Executive submits by law a balanced budget, and he said, "I am doing this because I am required by law to submit it, but if the Congress accepts a balanced budget, it will be disastrous for the United States because we are in deep recession, or depression, and this would further deflate the economy. We need stimulants. We do not need depressants. Here is my budget. I am mandated by law to present it, but if you accept it, you are irresponsible"? Would not the implication be that we would be irresponsible to pass such a law in the first place?

What then is the effect of the amendment?

Mr. HARRY F. BYRD, JR. Congress would make its own decision at that time, whether the President was correct in his assessment or not correct. This amendment does not tie the hands of Congress. It merely says to the President that he is to submit a balanced budget.

Mr. PERCY. One further question: What if the President sends down a budget in 1976, or whenever it might be, and he says: "I am mandated by law to present a balanced budget and here it is. But we have accepted a national goal to be self-sufficient in energy by 1980. Congress has accepted that and the American people are for it. No longer are we going to place ourselves in a position where we will be dependent on outside sources for the supply of energy. We have research programs underway which Congress has appropriated funds for and the authorization for which continues for several years. But these programs will have to be scuttled and that national goal will have to be abandoned if I submit a balanced budet and, therefore, here you have mandated that these are the kinds of moneys that will be required to be appropriated if we are to continue our national goal."

What then is the effect of this particular provision?

Mr. HARRY F. BYRD, JR. There again, I say to the Senator from Illinois, Congress will make its own decision, to decide whether the President is accurate in what he says, or wise in what he says.

Congress has complete control of it. Congress will make the decision.

Mr. PERCY. Well, I should only like to conclude this colloquy by stating that the amendment of the distinguished Senator from Virginia does raise important and profound questions. It really goes to the heart of fiscal responsibility, in a sense; but it also raises problems.

I commend my distinguished colleague for raising the issue. I would feel, with the Chairman, not having had the opportunity for committee hearings, and not having had the opportunity for the executive branch even to comment to us on what effect it would have on directing them to do this, that it would be better to consider the proposal after such hearings and consideration had been given to it. I would therefore stand with the Chairman and oppose this particular amendment; but I commend my colleague from Virginia for introducing it.

Mr. HARRY F. BYRD, JR. It would be a useless gesture to ask the executive branch what it thinks because it obviously would not be in favor of it. It has been submitting, year after year, unbalanced budgets, so obviously they would not be in favor of it.

Mr. ERVIN. Mr. President, there is another serious objection to the amendment. I believe it would be unconstitutional.

Section 3 of article II of the Constitution states:

He——

That is, the President——

. . . shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient; . . .

The amendment in effect says that the President cannot make a recommendation to Congress for expenditures unless revenues equal or exceed expenditures—that is, so far as nontrust funds are concerned.

I think a President can make any kind of recommendation to Congress with respect to expenditures because section 3 in Article II of the Constitution says,

. . . as he shall judge necessary and expedient . . .

It does not say that Congress can tell the President what kind of recommendations to make to Congress with respect to fiscal matters.

Mr. HARRY F. BYRD, JR. He can make his recommendation which will take into account both the expenditure side and the revenue side.

Mr. ERVIN. But the Constitution says,

He shall from time to time give . . .

This amendment tells him what he must recommend to Congress in this respect.

Mr. HARRY F. BYRD, JR. It tells him he must recommend a balanced budget.

Mr. ERVIN. But the Constitution says that he can recommend to the consideration of Congress such measures as "he"—that is, the President—"shall judge necessary and expedient . . ."

Mr. HARRY F. BYRD, JR. I just point out that the legislation presented by the distinguished Senator from North Carolina, right here, in title VI, puts certain requirements on the President. This is just an additional requirement to it.

Mr. ERVIN. But that requirement is purely for information. It does not tell the President what he has to recommend to us.

Mr. HARRY F. BYRD, JR. If we take the view that Congress cannot require the President to submit a balanced budget, there is no hope whatsoever that we will ever achieve it.

Mr. ERVIN. Oh, yes. Congress can compel a balanced budget because it has the power of the purse. But we also have a separation of powers, and the Constitution provides that what the President recommends to Congress is something for the President and not Congress to determine.

Mr. HARRY F. BYRD, JR. Well, the Senator from North Carolina is a constitutional lawyer——

Mr. ERVIN. I do not think Congress can compel the President to make a sensible recommendation to Congress. [Laughter.]

Mr. HARRY F. BYRD, JR. Well, I think Congress is certainly within its powers to attempt to legislate a sensible requirement such as the Senator from North Carolina says this is a sensible requirement. Then it can be tested in the courts if there is any question about its constitutionality.

Mr. ERVIN. The way to do this would be to pass a resolution directing the Chaplain of the Senate to pray that the good Lord will give the President the wisdom to recommend a balanced budget. [Laughter.]

Mr. HARRY F. BYRD, JR. Well, I believe in the power of prayer very much. But I also believe in the power of Congress to exert some responsibility and enact some legislation. If it is tested in the courts, Congress can help, but I think we have an obligation to try to get some fiscal solvency, some fiscal responsibility, back into the Government, which is completely irresponsible fiscally. When I say "Government" I mean both the executive and legislative branches. I cannot see any reason in the world why Congress should not mandate the President to submit a balanced budget, and then Congress can work its will from that time on.

Mr. ERVIN. I might say to the Senator that I am very serious about this. I do not think Congress can tell the President what to recommend to Congress. We in Congress have the power to balance the budget, if we have the will to do so. The main purpose of this bill is to get us a balanced budget at the earliest possible date.

Mr. HARRY F. BYRD, JR. I say to the Senator from North Carolina that there is nothing in this bill to bring about a balanced budget. There is nothing in this bill to demand a balanced budget. I do not see one line in here that says we will have a balanced budget.

Mr. ERVIN. No, but the bill requires that the first concurrent resolution will tell us how much money we have available, and then we will legislate in light of that fact.

As I said yesterday, if, after this bill takes effect, we appropriate more money than we have, we are sinning, not as we have in the past, in the dark, but we are sinning in the light.

Mr. HARRY F. BYRD, JR. But we are still sinning.

Mr. ERVIN. Let us hope that we will not sin.

Mr. HARRY F. BYRD, JR. That is a hopeless hope, I think.

Mr. ERVIN. I still have optimism, even when I do not expect that things will come about as I hope.

Mr. HARRY F. BYRD, JR. I have optimism for most things, but I do not have much optimism about what Congress is going to do when it starts passing around tax money.

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

Mr. HARRY F. BYRD, JR. I yield.

Mr. MUSKIE. I do not want to take too much time, but I think two or three additional observations might be useful.

In the first place, I think it is clear from the bill and the committee reports as they have been developed that the information made available to Congress by the Executive will make clear the steps that need to be taken to balance the budget. I believe that is what the Senator has in mind.

Mr. HARRY F. BYRD, JR. That is exactly what the Senator has in mind.

Mr. MUSKIE. So I think that information will be available.

The second point is that if what the Senator has in mind is that the President should recommend a balanced budget and present no other options to Congress, that would be a disservice to Congress and an even greater disservice to the country. Without this bill the President is in the best position to evaluate economic option at the present time.

Hopefully, we can match his capability with this bill. But at the present time, he is in the best position to evaluate the impact of Federal budgets upon the economy and to project what is likely to happen in the range of relationships between the budget and the state of the economy. So, if the purpose of the Senator's amendment is to limit the President's recommendations to those of a balanced budget, the effect will be to deprive Congress of a great deal of useful information it should have.

The third point I want to make is this: The Senator has stressed, and rightly, the impact upon our economy of the Federal budget, given its present magnitude and complexity. The Senator is concerned about the inflationary pressures that are generated by a Federal budget. But let me make this point about the current fiscal year: If we had a balanced budget with respect to nontrust fund activities of the Government, we would be running a budget surplus of $10 billion to $15 billion this year, at a time when most economists agree that the economy is slowing down and needs some stimulation. If we had that kind of policy fixed, then we would not be in a position to respond to the current economic situation. A surplus in this kind of situation would have a depressive effect upon the economy, like it or not.

The final point I should like to make is that the effect of the Senator's amend-

ment, if it were implemented by budget policy, would be to destroy the concept of the unified budget. That concept is fairly new, but I think it is useful, if we are to be in a position to evaluate the total impact of Federal expenditures and outlays upon the economy; and if we are to fracture the unified budget concept again as it was not so long ago, I think that again we would be limiting our ability to use effectively and wisely the potential for dealing with inflation or depression which lies in the Federal budget.

I make those observations with respect to the overall objective of the bill. Its purpose—and I think it will be effective in this respect—is to stimulate the development of budgetary and fiscal discipline on the part of Congress and on the part of the Executive. It does so by estabilshing procedures, by estabilshing new resources in terms of the Congressional Office of the Budget, computerized technology, and so forth. Mostly, it would do so by making clear to every Member of Congress what the options are and what the consequences of spending legislation may be. The discipline of information and disclosure of that information to Congress and to the public are what this bill relies upon, together with procedures that force us to confront these decisions on a regular, ongoing basis, at each point of which the consequences will be clear.

So I can understand the Senator's pessimism about the possible results because of our past failures to deal with this issue. But I thought that these additional observations might be a useful addition to the discussion on the Senator's very valuable amendment. I think we would all like to see the day when this kind of fiscal discipline again rules Federal expenditures.

Mr. HARRY F. BYRD, JR. I thank the Senator. He has made useful and helpful comments.

I point out that if this amendment were adopted, the option would lie with Congress. It applies to the original presentation of the budget. Congress would have whatever options it felt were desirable and worthwhile, but at least it would start with a balanced budget.

Mr. MUSKIE. If the Senator were to say that the President ought to make available to us information as to what decisions would be required to achieve a balance of the kind the Senator speaks about, that kind of information would be useful.

Mr. HARRY F. BYRD, JR. I believe that if we are going to get anywhere at all toward achieving a balanced budget, we need to do more than supply information.

The Senator from Maine raised the point of the unified budget. As he well knows, that is a very recent development. Historically, the way to Government's finances have been tabulated has been on an administrative or a Federal funds basis. It was not until the middle of the administration of President Johnson, when he was running such huge deficits, that the Government then went to a unified budget; so it made the deficits look less by taking the surplus from the trust funds and applying that to the deficits in the Federal funds. As a result, it made the deficits appear to be less, but actually they were not less.

The reason why the Federal funds budget is the key budget is that that determines the national debt. The national debt, in my judgment—although most Members of Congress do not regard it as such—has a very important effect on the average citizen and on the average taxpayer; because in the budget we are now considering, there is $30 billion of interest payments—$30 billion to pay the interest on the national debt. Where does that $30 billion come from? It comes out of the pockets of the wage earners. It comes out of the pockets of the taxpayers of our country.

So I say that these huge deficits in the Federal funds budget, which means higher and higher debts and more and more deficits, means at the same time greater and greater expenditures for interest payments.

Let us take a look at some of these interest payments. Let us go back 10 years, to fiscal 1965. The interest on the Federal debt at that time was $11.8 billion.

Or fiscal year 1975, 10 years later, it is $29.1 billion, so that the interest charges on the debt during that short period of time increased almost three times. That has a very direct effect on every taxpayer. As a matter of fact, to put it in focus, it means that of every income tax dollar paid into the Treasury, 17 cents goes to pay the interest on the debt.

The pending legislation undoubtedly is an improvement over our present procedures in Congress, but, in itself, as I judge it, it is not going to get us back to fiscal responsibility. It is going to take more than this. That is why it seems to me the Senate should give consideration to an amendment which, as a starter, would require the President to submit a balanced budget.

Mr. HELMS. Mr. President, I think time is running out on this Congress if we ever intend to act responsibly in fiscal matters. For a generation now we have been making excuses as to why we canot do what needs to be done, when actually our duty is to do what we must do if the fiscal integrity of this country is to be preserved.

I am delighted always to stand with the distinguished Senator from Virginia (Mr. HARRY F. BYRD, JR.) in any effort to restore fiscal sanity to our Nation. As Senator BYRD has indicated, the amendment which he has submitted for himself and me is identical in intent to measures that I proposed last year, on June 27, on July 19, and on November 29.

Our last effort was defeated in the Senate by a 3-vote margin, 46 to 43.

As the distinguished Senator from Virginia has made clear, this amendment is quite simple. It is practical, and it strikes at the heart of the Nation's economic travail. It provides simply that the President of the United States be required to submit annually a balanced budget in which the non-trust-fund expenditures would not exceed non-trust-fund revenues for each fiscal year. The effective date of this bill would be the beginning of fiscal year 1976 or July 1, 1975.

The fiscal year 1975 budget, of course, has already been submitted. It has been well publicized that the projected rereceipts in that budget, including the trust fund receipts, are $295 billion, while the administration's projected outlays are $304.4 billion. This leaves a projected deficit of $9.4 billion. In fiscal year 1974, the estimated deficit was $4.7 billion, or exactly half as much. Despite the President's announced intent to balance the budget in fiscal year 1974, he was not able to do; 1975 will be even worse.

Indeed, if we break down the fiscal year 1975 budget according to a more rational method of bookkeeping, we should be even more alarmed.

If the trust fund accounts, which rightly should not be considered as ready money, are separated out, the true deficit grows to $17.8 billion in fiscal year 1975. This happens because the trust fund accounts traditionally run a small surplus, and that surplus is used to whitewash the deficit for general operations.

Mr. President, I ask unanimous consent to have printed in the RECORD a table showing the way the figures break down.

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

I. Budget totals: [1]	*Billion*
Projected receipts (including trust fund receipts)	$295.0
Projected outlays by the Administration	304.4
Projected deficit	9.4
II. Budget Breakdown by Accounts:	
Projected receipts in the Trust Fund accounts	115.8
Projected outlays in the Trust Fund accounts	107.4
Trust Fund surplus estimate for FY 1975	8.4
Projected receipts in the Federal Fund	202.8
Projected outlays in the Federal Fund	220.6
Projected deficit in the Federal Fund [2]	17.8
III. Means by which the Nixon Administration arrived at its Deficit figures:	
Projected deficit in the Federal Fund	17.8
Projected surplus in the Trust Fund accounts	8.4
Projected deficit [2]	9.4

[1] Federal Budget for FY 75: Summary at p. 46.

[2] Actual Budget Summary figures are $17,900,000,000 due to "rounding off" by Budget officials; however, adding the figures or subtracting them as the case may call for often gives slightly different results—in this case, the sum would be $17,800,000,000.

Mr. HELMS. Mr. President, it is for this reason that the distinguished Senator from Virginia and I are proposing that the President be required to submit a balanced budget in the non-trust-

fund accounts. It is fiscally unsound to count the trust fund receipts as general income. It is true that the trust fund accounts furnish funds which are immediately loaned to the Treasury to pay the bills of the United States. But these loans are a prime cause of inflation. They constitute the spending of money for general purposes which we do not have for those purposes.

Now there may be some who will say that we have to cut necessary Government programs in order to balance the budget. In this regard, it may be pointed out that the President is not entirely responsible for the deficit, since 74 percent of the fiscal year 1975 budget consists of so-called uncontrollable expenditures. In other words, this is spending mandated by Congress.

I agree with those who want to cut Government programs, for I believe that much Government spending is unnecessary. But if Congress mandates spending, if Congress continues to set up so-called uncontrollable spending programs, then Congress is obligated to raise the taxes to pay for such spendthrift ways. The President's obligation under our amendment is to present a balanced budget, including spending cuts where possible, or tax increases where necessary. The Congress then would have the moral obligations to abide by the same principles.

Thus the amendment which we are proposing today, and have proposed on previous occasions, would be an excellent tool in getting spending under control. It would require the President to present the budget in such a way that the real deficit is immediately recognizable, and the proper steps for correction are included.

It is time for the Senate to take action to stop runaway spending in every area of Government. It is time to stop fooling ourselves about the amount of money we are taking in. It is time to quit kidding ourselves about the amount of money we must take in to pay for our fiscal extravagance. This amendment will bring realism back to the budget process.

Mr. President, the distinguished Senator from Virginia discussed briefly the present status of the Federal debt. I want to reiterate some figures I have often mentioned in this Chamber. We talk about $465 billion Federal debt. This enormous figure floats over the heads of American taxpayers because it is almost impossible to conceive $1 billion, let alone $465 billion. But to put the Federal debt in proper perspective so that anybody can understand it, it should be pointed out that the interest alone—$30 billion a year—on the money already borrowed and spent by the Federal Government breaks down to a cost to the taxpayers of the United States of $54,000 a minute, or almost $1,000 every time the clock ticks. This is the situation that has caused the backbreaking inflation in this country. We can blame it on anything or anybody else we want to, but we know that the blame lies in the Senate and in the House for our fiscal irresponsibility. So the question today is, Do we have the courage to do what we must do if we are really serious about bringing inflation under control? If we do, we will adopt this amendment.

Mr. HARRY F. BYRD, JR. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. NUNN. Mr. President, will the Senator yield for a question?

Mr. HARRY F. BYRD, JR. I yield.

Mr. NUNN. Mr. President, I applaud the Senator from Virginia and the Senator from North Carolina for introducing the amendment. I intend to vote for it. We must come to grips with the debts we have in this Nation. I believe the Senator made a strong case for that. I would like to ask a question about the amendment so that we will have a proper legislative history on this matter.

As I understand it, the amendment applies to nontrust funds.

Mr. HARRY F. BYRD, JR. That is correct.

Mr. NUNN. That means it would exempt everything concerning trust funds? Is that the Senator's intention?

Mr. HARRY F. BYRD, JR. That is correct.

Mr. NUNN. Suppose we had trust funds—I think we have several of them—that, in effect, had to tap general revenues to provide funds in order to meet the purposes of the trust; that is to say, the trust fund's expenses exceeded the trust fund's income and had to be made up by general revenues. I think there are several of them, including the social security trust fund. Does the Senator mean that would include all general fund items, or does the Senator intend to include general revenue funds that go into supplying the difference between outgo and income of trust funds.

Mr. HARRY F. BYRD, JR. The trust funds in toto have a large surplus. It is only the Federal fund that has a deficit. The trust funds in toto, altogether, have a surplus. So I was thinking of the administrative Federal funds deficit only.

Mr. NUNN. So if we took all the trust funds into consideration, there would be a surplus, and if the nontrust funds were taken into account, there would be no deficit; in fact, there would be a small surplus?

Mr. HARRY F. BYRD, JR. That is correct.

Mr. NUNN. I thank the Senator.

Mr. HARRY F. BYRD, JR. Mr. President, I have two tables to insert in the RECORD, but, first, I would like to state the facts are that in fiscal years 1970 through 1975—a 6-year period—the total Federal funds deficit amounts to $133 billion. To put that in perspective, that represents 26 percent of the estimated national debt on June 30 of 1975. So in that 6-year period, 26 percent of the total national debt will have been incurred.

I ask unanimous consent that two tables I have prepared be inserted in the RECORD.

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

RECEIPTS AND EXPENDITURES, FEBRUARY 1974 (PREPARED BY SENATOR HARRY F. BYRD, JR., OF VIRGINIA)

	Fiscal year							
	1968	1969	1970	1971	1972	1973	[1] 1974	[1] 1975
Receipts (in billions):								
Individual income taxes	$69	$87	$90	$86	$95	$103	$118	$129
Corporate income taxes	29	37	33	27	32	36	43	48
Total income taxes	98	124	123	113	126	139	161	177
Excise taxes (excluding highway)	10	11	11	10	11	10	11	11
Estate and gift	3	3	4	4	5	5	5	6
Customs	2	2	2	3	3	3	4	4
Miscellaneous	3	3	3	4	4	4	5	5
Total Federal fund receipts	116	143	143	134	149	161	186	203
Trust funds (social security and highway, less interfund transactions)	38	44	51	54	60	71	84	92
Total	154	188	194	188	209	232	270	295
Expenditures (in billions):								
Federal funds	143	149	156	164	178	186	204	221
Trust funds (less interfund transactions)	36	36	40	48	54	61	71	83
Total	179	185	196	212	232	247	275	304
Unified budget surplus (+) or deficit (−)	−25	+3.1	−2	−24	−23	−15	−5	−9
Federal funds deficit	−27	−6	−13	−30	−29	−25	−18	−18

[1] Estimated figures.

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1956-75 INCLUSIVE

[In billions of dollars]

	Receipts	Outlays	Surplus (+) or deficit (−)	Debt interest
1956	65.4	63.8	+1.6	6.8
1957	68.8	67.1	+1.7	7.3
1958	66.6	69.7	−3.1	7.8
1959	65.8	77.0	−11.2	7.8
1960	75.7	74.9	+0.8	9.5
1961	75.2	79.3	−4.1	9.3
1962	79.7	86.6	−6.9	9.5
1963	83.6	90.1	−6.5	10.3
1964	87.2	95.8	−8.6	11.0
1965	90.9	94.8	−3.9	11.8
1966	101.4	106.5	−5.1	12.6
1967	111.8	126.8	−15.0	14.2
1968	114.7	143.1	−28.4	15.6
1969	143.3	148.8	−5.5	17.7
1970	143.2	156.3	−13.1	20.0
1971	133.7	163.7	−30.0	21.6
1972	148.8	178.0	−29.2	22.5
1973	161.4	186.4	−25.0	24.7
1974 [1]	185.6	203.7	−18.1	27.8
1975 [1]	202.8	220.6	−17.9	29.1
20-year total	2,205.6	2,433.0	−227.5	296.4

[1] Estimated figures.

Source: Office of Management and Budget and Treasury Department.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield for a question?

Mr. HARRY F. BYRD, JR. I yield.

Mr. ROBERT C. BYRD. I have not been able to be on the floor during much of the debate on the Senator's amendment. Does the Senator's amendment require the President to send to the Congress a balanced budget?

Mr. HARRY F. BYRD, JR. Yes.

Mr. ROBERT C. BYRD. I compliment the Senator on what I know his intentions and motives are. I think all of us would like to see a balanced budget, but I ask this question: Is it not going a bit far to require the President to submit a balanced budget when, depending upon the circumstances at the particular time, the President may feel that it is in the best interest of the economy, of the prosperity of the Nation, of the need for increasing employment, et cetera, et cetera, to present at that particular time, perhaps, an unbalanced budget?

Mr. HARRY F. BYRD, JR. Well, I will say to the Senator, that is exactly what has happened in each of the last 6 years, and even before that. Each President has had one excuse or another as to why he cannot, in his judgment, present a balanced budget. The current budget submitted by the President is unbalanced to the extent of $18 billion.

Mr. ROBERT C. BYRD. I agree with the Senator that that has been done, but, with all due respect to my famous namesake, I do not believe he has answered my question.

Cannot there be times when, because of circumstances that are out of the norm—perhaps there may be a depression, there may be very high unemployment—the economy may need the additional shot of deficit financing? There could conceivably be times when that would be necessary. Would it not be a mistake to attempt to force the President under those circumstances to send up a balanced budget? He may need to send up an unbalanced budget in the interest of his fiscal policy or in the interest of getting the Nation on the move and off the dime.

Mr. HARRY F. BYRD JR. I agree with the Senator that that is not a perfect situation. Presidents have taken exactly the view stated in the question put by the able Senator from West Virginia. But the decision finally rests in the hands of the Congress itself. All the options are still available to the Congress. When the President submits a balanced budget under the law, if this should become law, he can, of course, submit language, any statement he wants to make, to say he is doing it under duress, or whatever statement he wants to make, and then the Congress itself can make a determination as to whether the conditions which he says exist do exist or do not exist. But I just do not see how, as a practical matter, we are going to get to a balanced budget unless the Chief Executive, when he initiates the budget, brings it into balance.

Mr. ROBERT C. BYRD. May I interrupt the distinguished Senator? The Senator is saying that the President ought to be forced to send up a balanced budget and that the Congress would retain the prerogatives of unbalancing that budget. Would we not be better advised not to attempt to force the President to submit a balanced budget in times of depression, in times of war, in times of low employment? Would it not be better for Congress to assume that responsibility of balancing the budget, which this bill provides for?

Mr. HARRY F. BYRD, JR. That is where I differ with the able Senator from West Virginia. I do not see anything in this bill that requires the Congress to balance the budget. I have an amendment to do that, and if that would be preferable to the amendment I have offered, I would be very glad to withdraw the amendment and offer the other amendment.

Mr. ROBERT C. BYRD. But the bill does provide parameters and guidelines and new procedures——

Mr. HARRY F. BYRD, JR. It does do that.

Mr. ROBERT C. BYRD. Which will encourage and assist the Congress to move in the direction of a balanced budget. It provides the Congress with the procedures whereby it might set its own—I will use the word "ceiling" for want of a better term. But for the first time we are considering legislation that will give the Congress a Congressional Office of the Budget, that will give the Congress two Budget Committees, that will provide for the enactment of resolutions setting the levels of expenditures for various programs, that will give the Congress the opportunity to discipline itself; not only that, but will also encourage and require it to better discipline itself.

Mr. HARRY F. BYRD, JR. How will it require us to discipline ourselves? Just answer that one question.

Mr. ROBERT C. BYRD. Because every Member of both Houses will have the opportunity of having full information laid before him by that Congressional Office of the Budget, which hopefully will be on a par with the Office of Management and Budget. We have not had this information or these data heretofore with respect to revenues or with respect to projections of costs of programs into the years ahead. Now, when Congress has that information, which will be made available to it through its own instrument, through its own arm, and if we really mean what we say we mean, then we will have the tools, we will have the legislation, we will have the procedures whereby we can see what we are doing, and we can cut the cloth to meet the revenues. It seems to me that if we really want to balance the budget, we ought to accept the responsibility which is ours.

I do not think we ought to attempt to encumber and straitjacket the President in circumstances which we cannot foresee today, but which may occur down the road. There may be another depression like the one of the 1930's, which I lived through and which the distinguished Senator from Virginia lived through. It may be that in that situation a Democratic or a Republican President would find it necessary in the people's interest and the interest of the country to engage in some deficit financing. So we ought not to require him in each and every instance to send a balanced budget to Congress. I think we ought to have the prerogative of balancing the budget. I think we have that responsibility and duty.

Mr. HARRY F. BYRD, JR. We have that responsibility. In the last 20 years we have utilized it to achieve a balanced budget only three times. We have not brought about a balanced budget since 1960. In all those years we have not had a balanced budget.

Mr. ROBERT C. BYRD. Mr. President, may I say to my genuine friend that for the first time, in this legislation, Congress will be able to see the total picture of the total revenues and total expenditures. We have not had that picture heretofore. We have had to depend on the executive branch, with its armies and legions of people who come before our committees with the information at their fingertips. They give us what they want to. Sometimes we see what we want, but never the total picture. As Paul says, "We can only see through a glass darkly." But now we will have the picture of the total revenues and total expenditures and will be able to better discipline ourselves. We will have the responsibility and the information needed to balance the budget.

Mr. HARRY F. BYRD, JR. I think the additional information which will be available to Congress, in the change of procedure, will certainly be desirable. It will be useful, but in itself it is not going to solve the problem. The Senator from West Virginia may be a little more idealistic on this subject than I am, but I simply do not believe that this proposed legislation as written, desirable as it is, much improved as it is over what we have now, will come anywhere near solving our problem.

Let me read one section. This is my primary concern. Section 301(a)(3), on page 121, states that the proposed new budget committees, under the first concurrent resolution, shall recommend "the amount, if any, by which revenues should exceed budget outlays or by which budget

outlays should exceed revenues, considering economic conditions and all other relevant factors."

What this legislation provides is that Congress shall determine what the size of the deficit shall be. We should not proceed on the theory that there will be a deficit.

Mr. ROBERT C. BYRD. But Congress may determine that the size of the budget deficit shall be zero.

I compliment my friend. I know of no Member of this body who is more conscientious, more sincere, or more knowledgeable with respect to the Nation's finances, and wants more to have a balanced budget and to keep our financial house in order. But I hesitate to say that we ought to force the President always to send a balanced budget to Congress.

I say again that I should like to see a balanced budget. I should like to see a budget in which the income is even greater than the outgo. But I would hesitate to attempt to force the President to send Congress a budget in which he would determine priorities, in which he would say that we should build a reservoir in India, when to balance the budget would prevent a reservoir from being built in southern West Virginia; or to say that we will spend x money in a certain country that might well go to make payments to eliminate black lung disease among miners in West Virginia.

I would rather have the President submit his budget and let us scrutinize it fully, knowing what all the facts are as supplied by our Congressional Office of the Budget. Then we may discipline ourselves, if we can, and establish our own priorities, in order to bring about the balanced budget, rather than to leave it to Mr. Nixon or to some other President in the future.

Mr. HARRY F. BYRD, JR. This amendment does not leave it up to Mr. Nixon or to a Democratic president in the future. The complete option is in the hands of Congress. If the President submits a budget, as the Senator from West Virginia indicated a moment ago, for projects in India instead of for West Virginia, or for Virginia or Maryland, or any other State, Congress has complete control of that, just as it does at the present time. So it does not preclude any of the present options whatsoever.

Mr. ROBERT C. BYRD. I understand the Senator's amendment; I shall not belabor the point further. Whatever his amendment does that would require more information from the executive branch, I am all for that, and I think the bill goes a long way in that direction. I am for a balanced budget, if it is feasible and possible to have one. But I do think there are times when it is in the interest of our people, under unique circumstances, perhaps not to have a balanced budget.

I congratulate the Senator from Virginia upon his dedication to the theory of having always a balanced budget. But I would hesitate, and I think I would have to vote against his amendment, if I have understood it correctly. If it requires the President at all times to submit a balanced budget to Congress, I would have to vote against the Senator's amendment. I think we ought to keep that responsibility as a part of our constitutional duty. Congress is the institution, among the three coordinate branches, that has control of the purse. We do not abdicate our responsibility in this bill.

Mr. HARRY F. BYRD, JR. We do not abdicate our responsibility under this amendment in any way. As a matter of fact, the ultimate responsibility rests with Congress. That is where the ultimate responsibility rests.

Mr. ERVIN. Mr. President, I shall have to vote against the amendment of the Senator from Virginia. I do not think we can accomplish a constitutional result by unconstitutional means. I think the only public officials who can balance the budget are the public officials who have the power to levy taxes and the power to make appropriations, and those two powers are concentrated in Congress, and Congress alone.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. HARRY F. BYRD, JR. Would the Senator support an amendment requiring Congress to balance the budget?

Mr. ERVIN. Well, I do not know whether we can very well tell Congress what it can do tomorrow. We have before us a bill that tries to give Congress light, so that it can legislate in light, rather than in darkness. I think that is as far as we can go. I do not think we can pass a bill today that Congress cannot set aside tomorrow.

Mr. HARRY F. BYRD, JR. I could not agree with that——

Mr. ERVIN. I do not believe that Congress is going to take recommendations of the President and abdicate its function.

Even if the President recommends a balanced budget, I think Congress is still going to exercise its constitutional powers, and I do not think we can take away the constitutional power of the President to recommend such measures as he deems necessary.

The only way I think we can require Congress to balance the budget is to put in a constitutional amendment and get it adopted. I have tried to do that several times.

Mr. HARRY F. BYRD, JR. I think what should be done is, by way of legislation, to require the President to submit a balanced budget and Congress to enact a balanced budget. I have proposed legislation to do that. But I think we had better do it one step at a time.

Mr. ROBERT C. BYRD. Mr. President, the nontrust funds are expected to be out of balance by $18 billion.

Mr. HARRY F. BYRD, JR. That is right.

Mr. ROBERT C. BYRD. If the amendment of the distinguished senior Senator from Virginia were in effect, it would require a reduction in the President's appropriation requests by that amount.

Mr. HARRY F. BYRD, JR. I would say to the Senator from West Virginia that it would not be operative until 1976. It would not affect this budget that Congress is now working on.

Mr. ROBERT C. BYRD. Yes. But I am trying to point out the difficulty of application of the amendment offered by the distinguished Senator from Virginia. I respect him for his viewpoint. Many times I have agreed with him. In this case, I shall have to be agreeable in my disagreement.

The PRESIDING OFFICER (Mr. DOMENICI). The question is on agreeing to the amendment of the Senator from Virginia. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. MANSFIELD), and the Senator from Wyoming (Mr. MCGEE) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. HATFIELD) and the Senator from North Dakota (Mr. YOUNG) are absent on official business.

I also announce that the Senator from Vermont (Mr. AIKEN) is absent because of illness in the family.

I further announce that the Senator from Colorado (Mr. DOMINICK), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

On this vote, the Senator from Oregon (Mr. HATFIELD) is paired with the Senator from South Carolina (Mr. THURMOND).

If present and voting, the Senator from Oregon would vote "nay" and the Senator from South Carolina would vote "yea."

The result was announced—yeas 29, nays 57, as follows:

[No. 77 Leg.]

YEAS—29

Allen	Curtis	McClellan
Baker	Dole	Nunn
Bartlett	Eastland	Roth
Bellmon	Fannin	Scott, Hugh
Brock	Goldwater	Scott, William L.
Buckley	Gurney	Stennis
Byrd, Harry F., Jr.	Hansen	Symington
Chiles	Helms	Talmadge
Cook	Hollings	
Cotton	Hruska	
	Johnston	

NAYS—57

Abourezk	Griffin	Muskie
Bayh	Hart	Nelson
Beall	Hartke	Pastore
Bennett	Haskell	Pearson
Bentsen	Hathaway	Pell
Bible	Huddleston	Percy
Biden	Hughes	Proxmire
Brooke	Humphrey	Randolph
Burdick	Jackson	Ribicoff
Byrd, Robert C.	Kennedy	Schweiker
Cannon	Magnuson	Sparkman
Case	Mathias	Stafford
Clark	McGovern	Stevens
Cranston	McIntyre	Stevenson
Domenici	Metcalf	Taft
Eagleton	Metzenbaum	Tower
Ervin	Mondale	Tunney
Fong	Montoya	Weicker
Gravel	Moss	Williams

NOT VOTING—14

Aiken	Inouye	McGee
Church	Javits	Packwood
Dominick	Long	Thurmond
Fulbright	Mansfield	Young
Hatfield	McClure	

So the amendment of Mr. HARRY F. BYRD, JR., was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the House had passed the 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, with an amendment, in which it requested the concurrence of the Senate; that the House insisted upon its amendment to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PERKINS, Mr. DENT, Mr. DOMINICK V. DANIELS, Mr. BURTON, Mr. GAYDOS, Mr. CLAY, Mr. BIAGGI, Mr. QUIE, Mr. ERLENBORN, Mr. HANSEN of Idaho, Mr. KEMP, and Mr. SARASIN were appointed managers on the part of the House at the conference.

The message also announced that the House insisted on its amendment to the amendments of the Senate to 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, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PERKINS, Mr. BRADEMAS, Mr. O'HARA, Mr. QUIE, and Mr. DELLENBACK were appointed managers on the part of the House at the conference.

CONGRESSIONAL BUDGET ACT OF 1974

The Senate continued with the consideration of the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a budget committee in each House; to create a congressional office of the budget, and for other purposes.

AMENDMENT NO. 1023 AS MODIFIED

Mr. BROCK. Mr. President, on behalf of the Senator from Montana (Mr. METCALF), Senator BIDEN, Senator DOMINICK, Senator DOMENICI, and myself, I call up amendment No. 1023 as modified, and ask that it be stated.

The PRESIDING OFFICER (Mr. DOMENICI). The amendment will be stated.

The assistant legislative clerk read as follows:

On page 173, after the matter appearing between lines 15 and 16, insert the following:

"CONTINUING STUDY AND IMPLEMENTATION OF ADDITIONAL BUDGET REFORM PROPOSALS

"SEC. 703. (a) In order to insure that congressional spending and revenue decisions are reflective of, and responsive to, the needs and will of citizens, to review those new developments in information technology that are related to the budget process, to promote increased understanding of social problems, and to consider changes in the configuration of social and economic needs and other circumstances, the Committees on the Budget of the Senate and House of Representatives shall study on a continuing basis proposals designed to improve and facilitate methods of congressional budgetmaking, and may hold hearings on such proposals either separately or jointly. The proposals to be studied and on which such hearings may be held should include but not be limited to the following:

"(1) improving the information base required for projecting the feasibility, cost, benefit, and general effectiveness of new programs, by such means as pilot testing, survey research, and other experimental and analytical techniques;

"(2) methods of improving analytical and systematic evaluation of the effectiveness of existing programs;

"(3) encouraging the comparison of existing programs with alternative program strategies designed to meet similar needs;

"(4) increasing the stability and certainty of public policy decisions by the establishment of biennial authorizations, multiyear budgeting, or other means of controlling expenditures;

"(5) improving the degree to which programs may be evaluated in human terms by the development of techniques of human resource accounting and other means of providing noneconomic as well as economic evaluation measures;

"(6) methods for establishing maximum and minimum time limitations for program authorization; and

"(7) developing, providing, and refining a supplemental national purposes budget which would consolidate proposed spending according to the goals and purposes to be served, highlighting (insofar as possible) the degree to which each program incorporates and promotes the program steps of establishment of goals, exploration of alternatives, choice of preferred program approach and program implementation.

"(b)(1) As soon as practicable after the completion of such study, each Committee on the Budget shall submit a report to its House, or, in the event the Committees on the Budget prepare a joint report, the committees shall submit such report to the Congress. Such report shall include such findings and recommendations as may be appropriate.

"(2) For the purpose of completing the study and hearings required to be made by subsection (a), the Committee on the Budget are authorized—

"(A) to establish such task forces on budget procedures as may be appropriate; and

"(B) to utilize the services, information, facilities, and personnel of the departments and establishments of the Government.

"(c) Nothing in this section shall preclude the study, conducting of hearings, or reporting of legislation to improve the budgetary process by any means or by any other committee of the Congress."

On page 103, immediately below item 702 in the table of contents, insert the following:

"Sec. 703. Continuing study and implementation of additional budget reform proposals.".

Mr. NELSON. Mr. President, I ask unanimous consent that Ray Calamaro of my staff be permitted the privilege of the floor during consideration of the pending bill.

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

Mr. BROCK. Mr. President, the amendment proposed by myself and Senator METCALF calls for continuing study and upgrading of the budgetary process. I think it is crucial that we recognize that the role of Congress in budget determination is so vital to our health as a society that it requires constant attention.

Long periods of inattention to the way Congress treats the budget have occurred in the past. They have resulted in a weakening of Congress responsibility, authority and control over public policy. In an excellent review of proposals to increase budgetary control by Congress, Allen Schick, of the CRS suggests that the restoration of Congress status will result from its coming "to grips with the realities of big and fast-moving government," not from efforts which merely weaken executive power. Schick goes on:

> Nor will any single remedy cover all the disabilities which now afflict Congress. The job will have to be done piece by piece; in the same manner that power slipped away it will have to be taken back.

I agree with that observation. Given the position we are in, it is unlikely that any single measure, even one so vast in scope and importance as S. 1541, can establish the competence over spending which Congress requires. We should not contribute to the impression that S. 1541 will complete the job of reforming our budgetary procedures. To do so would lead the public to expect an increased quality of public policy which will yet be beyond our competence to deliver.

S. 1541 addresses the problem which is most basic and important in the context of congressional budget making. This problem is that of insuring that aggregate expenditures and revenues are consistent with fiscal policy needs. The focus is properly on the macroeconomic issues, not only because of the primary importance of economic health, but also because our knowledge is greatest in this area. The crucial reforms envisioned in S. 1541 give Congress the tools to deal responsibly and creatively with what the economists call the "stabilization" function of budget policy.

The Federal budget also has an allocation. While S. 1541 does create a framework for a debate on spending priorities, it does not go far in developing procedures which will serve to make that debate as informed and meaningful as it eventually must become. Indeed, it could not, for not enough is known about ways to improve the allocation of resources by legislative bodies. It is the intent of the amendment to increase our knowledge and understanding in this crucial area.

The areas where increased knowledge might especially benefit us are suggested by consideration of what a budget is. A foremost student of budgeting, Aaron Wildavsky writes:

> Budgeting is concerned with the translation of financing resources into human purposes. A budget, therefore, may be characterized as a series of goals with price tags attached. Since funds are limited and have to be divided in one way or another, the budget becomes a mechanism for making choices among alternative expenditures. When the choices are coordinated so as to achieve desired goals, a budget may be called a plan. Should it include a detailed specification of how its objectives are to be achieved, a budget may serve as a plan of

work for those who assume the task of implementing it. If emphasis is placed on achieving the most policy returns for a given sum of money, or on obtaining the desired objectives at the lowest cost, a budget may become an instrument for ensuring efficiency.

Surely we would wish that the budget enacted by Congress would clearly indicate our goals, the financial effort made in the pursuit of each, the way our objectives are achieved, and our desire to obtain them efficiently. As Wildavsky's statement implies, if we wish to establish such principles of control we must then examine alternatives, coordinate our choices, examine the effective impact of spending on the attainment of human purposes and search for the lowest cost methods of that attainment.

We are not equipped to exercise this kind of control. Our amendment suggests areas for study and action which would improve our ability.

Programs designed to meet similar objectives are scattered among functional categories, agency activities, and committee jurisdictions. In order to see how the total budget impacts upon our national purposes, we need budgetary data consolidated along program budgeting lines as well as by functional category.

In order to insure that our goals are most effectively pursued, it is necessary that new program initiatives be compared on an equal footing with existing programs in the competition for limited funds. But patterns of long-term authorizations and appropriations often give a special entrenched status to programs which consequently far out live their usefulness. We must consider ways to overcome this problem. The most direct method would be to limit the time period for program authorization. This approach and others should be examined.

On the other hand, the recent explosion of social programs, the constant switching of gears by administrative agencies, and the changing of directions by the administration has created a stop-go Government which has not permitted the necessary adjustment by State and local officials. The instability created by our refusal to recognize the important role of other levels of Government has frustrated our own objectives.

Whatever Federal policies are determined, those officials at the local level must be able to count on them at least for a reasonable time. We should investigate whether more programs should be given a minimum lease on life as well as a reasonable automatic maximum. Perhaps, more thought and careful examination could be given programs if appropriations were customarily for a period of 2 years.

Indeed, it might be beneficial to place the budget cycle on a biennial, rather than annual basis, as the State of Hawaii has done. This step, if feasible, might allow more time for focusing on major policy issues, and for coordinating and analyzing programs. The matters of biennial appropriations and multi-year budgeting offer hope for greater control, and therefore improvement, in public policy and should be carefully studied.

The area which requires the greatest attention, however, is that of program evaluation. For too long we have passed programs and have not followed them through to see how well they are working. For too long we have based our considerations of new programs on hunch, intuition, and the merits of objectives sought without objectively analyzing the likelihood of attaining those objectives by the specific program envisioned.

As the economists put it, we do not know enough about the "production functions" by which program inputs are translated into outputs—the actual effects on person's well-being. The result is that such evaluations of programs as are being conducted in various areas can find little evidence that our spending of billions has made any difference.

There is a great lesson for us here. It is that much experimentation with alternative programs approached should be conducted prior to massive investment of public funds and that the Congress must design those programs carefully, so that much more can be learned from them. This lesson is being shouted at us by practitioners in every corner of the social sciences. In her excellent series of lectures, "Systematic Thinking for Social Action," Alice Rivlin draws the issue sharply:

The argument for systematic experimentation is straightforward: Information necessary to improve the effectiveness of social services is impossible to obtain any other way. In the absence of deliberate experimentation, new methods of delivering social services are implemented only sporadically or in combination of other factors that influence their apparent success. New methods must be tried out systematically under a variety of conditions if their effectiveness is to be evaluated accurately.

Eli Ginzberg and Robert M. Solow, in a retrospective commentary on the failure of programs of the 1960's write:

The conclusion to be drawn is not that our government should delay action in critical areas until it has all the knowledge and technique to fashion a successful solution. In the first place, the required knowledge can be generated only be action, at least on an experimental scale . . . The most one can say is that a responsible leadership will proceed with caution in areas where it lacks adequate knowledge and experience, in the expectation that second efforts at social intervention will be improved by what learned from the initial experiments. We do not know if the idea of a frankly experimental public program can be made politically viable. It is worth a try.

In the 25th anniversary volume of the Rand Corp., Garry D. Brewer comments on the relation of experimentation and the policy process. In answer to the question, "Why experiment?" Brewer writes:

Because intervention in our social system now depends to a large degree on guesswork, expediency, and compromise, any procedure that allows consideration of a wider-ranging and more objective assessment of policy alternatives should be examined carefully. Experimentation is one such procedure. A major strength of the technique is that it reveals empirical information about various social objectives and between various recipient groups are subjected to partial experience—an important intermediate step between speculation and full-scale implementation.

In "The Politics and Economics of Public Spending," Charles L. Schultze says:

In our present state of knowledge it is often difficult to predict with any degree of certainty the specific performance of proposed social programs. In such cases the wide range of uncertainty about the relationship between inputs and outputs can be reduced through either expost evaluation of operating programs or the design and evaluation of demonstration projects. Unfortunately, however, too few programs are routinely subjected to an evaluation of results . . . The lack of feedback between program results and the decision process even in the case of so-called experimental programs is one of the weakest links in the budgetary system.

Mr. President, a long list of scholarly arguments calling for more experimentation, pilot testing, and demonstration projects could be assembled. But what the arguments all boil down to is this: The Congress which establishes laws to solve problems must itself develop means for finding out what works.

Recurrent evaluation of existing programs is important and should be improved. But the data and methodology for evaluation are difficult to handle. They are difficult because the programs were not initially designed to permit good evaluation. Objectives were left unclear. Criteria for success were left unstated. Evaluators often do not know what the intent of Congress was.

It is time now to begin a serious effort to design programs with evaluation in mind at the outset. And the best way to do that is to experiment with innovative programs and to use that approach to clarify objectives and to better determine cost benefits and relevant tradeoffs.

Our amendment calls for study of means to implement program experimentation, to provide comparison of alternative approaches and to improve the quality of ex-post evaluation. Program evaluation will not provide definitive answers as to what programs should be enacted, retained, or discarded. Evaluation is an imperfect art and cannot supplant political judgment. But policy decisions must be taken in light of all the information which can be made available. In so doing, we might focus our political debate on issues which really matter. I agree with Charles Schultze's judgment that—

The most frustrating aspect of public life is not the inability to convince others of the merits of a cherished project or policy. Rather, it is in the endless hours spent on policy discussions in which the irrelevant issues have not been separated from the relevant, in which ascertainable facts and relationships have not been investigated but are the subject of heated debate, in which consideration of alternatives is impossible because only one proposal has been developed, and, above all, discussions in which the nobility of aim is presumed to determine effectiveness of program.

We are far from an ability to accurately assess the impact of our activities at the basic human level. We need better measures of program performance—measures which allow us to evaluate in human terms as well as in economic

terms of costs and benefits. We must carefully consider our objectives. We must learn how we may collectively attain those objectives. There is so much work to be done. Let us begin the task now by studying the issues. Let us take this occasion to set our agenda for the immediate future by agreeing to this amendment.

Mr. President, I ask unanimous consent to have the article, "Experimentation and the Policy Process," by Gary D. Brewer, printed in the RECORD. It is an excellent brief statement of the issues involved in program experimentation and evaluation.

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

EXPERIMENTATION AND THE POLICY PROCESS

(By Garry D. Brewer)

It is now common to point out how complex and how difficult to resolve are the many problems which beset our society. The problems are not new, but they seem more pervasive, and at least we now know that we can and must do something about them. Unfortunately, we have undertaken measures to alleviate some problems only to find that we did not like the consequences and have failed to achieve our objectives.

However, while we can point to unexpected and unintended effects of tinkering with social problems, there is an urgent sense that much more must be done to invent new and better policies.

How can policymakers institute needed change in a complex society without exacting exorbitant costs or inducing extraordinary disruptions? How can they find out in advance that a program may not work as intended, and avoid wasting scarce resources?

By carrying out carefully designed small-scale social experiments, social scientists hope to gather enough reliable information on the complex effects of a proposed program to allow decisionmakers to make better-informed choices among possible programs before they decide upon full-scale implementation.

Although social experimentation has roots in the methods of the natural sciences, a social experiment differs fundamentally from either a "clean" natural science experiment, containing carefully selected and measurable variables whose interrelationships are known with some accuracy, or even a "not so clean" psychological experiment, also containing a few measurable variables whose interrelationships are the object of study.

Social experiments confront problems and have objectives that differ substantially from those of natural science experiments. Experimentation in the social setting involves the systematic comparison of policy objectives and strategies in terms of their causes and effects, as well as this can be determined; of the consideration of variables, some measurable and others not; of goals held by relevant participants; and of the institutional practices in which these objectives, strategies, and goals are embedded.

In practice, a social experiment is an organized attempt to pretest a particular innovative policy before committing vast resources to the solution of some large social problem. An example might be the experiment in New Jersey with income maintenance, undertaken before there was a national commitment to such a program. In this case, alternative programs were tested on sample populations in several other states. The same approach characterizes the experiment with housing allowances. In this instance there will be parallel tests to assess the supply response to housing allowances, a demand experiment, and tests of alternative administrative structures. In yet another context, educational vouchers are being used to assess how parents and pupils respond to alternative programs being offered in the public schools in the Alum Rock district of San Jose, California.

WHY EXPERIMENT?

There are many reasons for conducting social experiments: scientific reasons, to enhance our understanding of the world and society; normative and ethical reasons, to assess alternatives from several human and humane perspectives technical reasons, relating to the relative importance of policies, the time constraints associated with alternative policies, and the relative costs of various options; efficiency reasons, because large-scale social programs are costly and may be irreversible; and finally, political reasons, arising from an operator's need to propose a chosen policy with as little uncertainty about probable outcomes as possible.

Perhaps the purest answer to the question "Why experiment?" is tied intimately to the quest for knowledge itself. Because intervention in our social system now depends to a large degree on guesswork, expediency, and compromise, any procedure that allows consideration of a wider-ranging and more objective assessment of policy alternatives should be examined carefully. Experimentation is one such procedure.

A major strength of the technique is that it reveals empirical information about various social objectives. The tradeoffs among competing objectives and between various recipient groups are subjected to partial experience—an important intermediate step between speculation and full-scale implementation.

There are several technical reasons for conducting social experiments. For large and complex systems, it is often useful to identify relationships and constraints that are sensitive to small changes. These elements may be the key to the behavior of the overall system. Because small changes may have unexpectedly large consequences, and because no one can foresee all important interactions and outcomes, it is necessary to experiment on a carefully defined and limited basis to determine the likely outcomes of a variety of planned interventions.

A valid experimental design is crucial. Because an experiment by definition is conducted in some less-than-total setting, extraneous and diversionary features of the environment should be minimized. This requires pre-experimental analysis and modeling to formalize one's views about the environment, to suggest where experimental changes might have the greatest impacts, and to serve as a "blueprint" to be revised as the experiment is carried out and as new, detailed information is obtained.

Concern for social efficiency underlies many efforts to experiment. Tests, limited in scope and controlled with a solid experimental design, are a far less expensive way to examine plausible interventions than is the blind commitment of major resources. Not only do experiments cost less in absolute dollar terms, but for a given number of dollars many more options may be measured, tested, and compared. There is really no reason to be satisfied with only one or two large and possibly "irreversible" policy options. Not only is the one-option strategy unsatisfactory, but there are good reasons to be wary of any one or two "answers" that have not been subjected to partial testing and assessment.

As small children we all experienced the comforting feeling that mother or father (or some grown-up) really knew what to do in a trying situation; someone, somewhere, "knew" and would take care of us. For many, if not most, large social problems, *no one really knows what to do.* No one really understands many of the incredibly complex systems in which we all routinely participate; and no one really knows how to make them work better, more efficiently, or more equitably. We must face these facts, and social experimentation is addressed directly to this hard process, for better or worse.

Many of these concerns turn out to be largely political issues. A well-executed experiment may provide more and better information about real options so that the politician may perform better—selecting from among a wide range of options the one or the few most likely to accomplish society's objectives. Furthermore, consensus building is enhanced if information about a number of plausible alternatives and associated outcomes is laid out for public consideration.

WHY NOT EXPERIMENT?

There are also reasons why social experimentation should not be carried out; the method is not a panacea. These counterarguments include scientific, ethical, methodological, institutional, and political dimensions that must be taken seriously.

SCIENTIFIC REASONS

A purist might argue that the social experiment prematurely closes off options from consideration by the simple expedient of having to identify a set of alternatives before the experiment is carried out. Such selection may prevent new ideas, determined as the experiment progresses or as knowledge about the problem improves, from being examined and possibly chosen for implementation.

Because an experiment is a limited and controlled procedure, there will always be some doubt about the validity of transferring and generalizing the experience to larger populations and to less-controlled settings. This may be a sufficient reason not to trust an experimental result without conducting additional investigations to determine the effects of a selected option in a less-controlled setting.

ETHICAL REASONS

The ethical and human dimensions of social experiments have seldom received the attention they warrant. Whose preferences are being represented in the various options proposed for experimental testing? How are those options determined, measured, and specifically related to individuals? How are different benefits received by experimental subjects reconciled and justified? At the conclusion of an experiment, how does one make restitution for an experimental alternative not finally chosen but upon which recipients have become dependent? What about confidentiality of data and other human problems associated with the conduct of the experiment? These and many other primarily ethical issues all come into play and must be accounted for by the social experimenter.

METHODOLOGICAL REASONS

An assortment of methodological problems confront the social experimenter. A persistent one is to translate into operational terms the goals held by various participants so that comparable tradeoff calculations may be carried out. It is not a trivial problem to define and then measure some criterion or other, but it is a fundamental requirement of the experimental technique.

Social measurement has not progressed so far that one can, with confidence, reach into a tool kit for pretested, much-used, and reliable measures of experimental outcomes. In fact, much ingenuity is needed to develop and test measures of experimental results. Not only is the general issue of measurement validity a thorny problem, but one is continually confronted with the specific task of reconciling the ongoing experiment with the setting in which it is carried out. Are the measurements valid, accurate, and reliable? And if they are not, what can be done about it?

It would be helpful if there were well-developed and reliable social indicators to

reduce the measurement problem. The need to devise multiple measures of experimental outcomes (social events are not unidimensional) may result in the proposing and testing of a variety of possible indicators in the course of one or two large social experiments.

INSTITUTIONAL REASONS

Institutional problems are many, and run the gamut from difficulties in choosing experimental sites to the composition of the group conducting the experiment. Ideally, experimental sites should in significant ways mirror the larger setting in which the results will be implemented.

What constitutes "significant ways" is the basic problem. Should one pick a single location that in demographic, socioeconomic, and political characteristics is a microcosm of the larger setting? Or, should sites be selected to reveal the impacts of the experimental alternatives when administered by various institutional structures, each having rather different political and administrative capabilities? Arguments for the second strategy concentrate on the not-well-understood but critical issue of policy implementation. Or, should one select sites having vastly different sociological characteristics? Arguments for this strategy stress the need to anticipate the nonobvious impacts of interventions. No one of these strategies is "correct" or "best," and the ultimate choice often turns out to be a judgmental or negotiated matter of some consequence.

We have already alluded to the possibility that the experimental design may close off options by the choice of alternatives to be considered. Does one compromise "scientific" standards by adjusting the experiment in midcourse as a result of information generated in the experimental design? Clearly, one must try to maintain scientific standards; however, there is no certainty that the set of alternatives initially selected is the best or most complete. Should *sequential design* be considered? One form of experiment allows the researcher to choose a final design as more information becomes available, a choice that might be considered if there are limits on the size of field operations that can be undertaken. On these issues there may be continuing disagreement between experimental purists and more action-oriented and pragmatic operators. Because there is no clear way around the problem, recognition of its existence may at least temper acrimonious mutual recriminations.

A third institutional problem centers on the composition of the group conducting the experiment. It is nearly axiomatic that the group will be multidisciplinary, since no individual or any group from a single discipline is likely to be able to carry out the experiment alone. There is an additional, complicating problem. The experimental group needs to have access to the operational setting, but at the same time must resist being distracted by day-to-day operational problems. How does one keep in intimate contact with a real setting without being captured by those actually operating in that setting? How does one safeguard against an eager operator's desire to take one of the partially tested experimental options and to implement it prematurely? Again, there are no easy answers.

POLITICAL REASONS

An experiment may only be a substitute for much needed action. Difficult or politically sensitive problems are often referred to an expert commission for advice and recommendations. This may merely drag out the final resolution and buy time for a politician who may not be around when the commission files its report and recommendations. Experiments could also be used as a political stalling tactic; they are usually hard to carry out and require considerable time to design and execute properly. If an experiment is primarily a substitute for action, then one might legitimately decide not to experiment at all.

Implementation is also a problem. Bureaucracies are not equally endowed with competent people. The clean and relatively unambiguous results obtained under experimental conditions may fail to materialize when implemented by less capable or by differently motivated bureaucrats. Furthermore, an experiment may promise results beyond the capacity of the average or less capable bureaucracies to deliver. When an experimental option is badly or improperly implemented, the harm done in terms of lost confidence and popular disillusionment may far exceed any possible benefits.

An experiment may raise expectations to the point where it is clearly and practically infeasible to satisfy them. For instance, tested options may turn out to be so expensive, even though effective, that no right-minded politician would be able to endorse any of them. However, if the experiment has been carried out, there is likely to be some demand for its wider application. All alternatives may be infeasible, even obviously so, before the experiment is undertaken. In such a case, it may be sensible not to experiment at all.

A politician may elect not to experiment to avoid being associated with some unconventional or controversial options that are legitimately incorporated in the experimental design. There are alternatives. The researchers may determine what the politician fears and modify the design accordingly. Or, the experiment may be conducted without the formal or tacit approval of the responsible politician. Each of these accommodations has costs, and if the costs are judged to be excessive, this may be sufficient reason to cancel the planned experiment or to address the fundamental problem in other ways.

Other reasons why an experiment may not be carried out include the fact that some problems are trivial or of limited scope: experiments are costly and nonexperimental research may do the job better. And experiments should not be relied on when the pressure for quick solutions is great, as in the case of a crisis situation. Good experiments take time to execute.

Several general classes of problems confronting a would be social experimenter have been stressed. That no easy answers have been offered should not be taken as a reason *not* to experiment. Quite the contrary, experimentation has considerable promise as a policy-assisting method, but, as with many things in social life, there are no "pat" answers, only plenty of worrisome issues that must be dealt with as forthrightly as possible.

SOCIAL EXPERIMENTS AND THE POLICY PROCESS

To locate social experimentation in the general policymaking process is to call attention, in yet another way, to several of the possible benefits and many of the real limitations of the technique.

For convenience a public policy or program may be imagined as having a "life," a sequence of events through which it flows from earliest initiation to its eventual termination. This process is first described and then experimentation is related to it.

THE POLICY PROCESS

Invention or initiation, the earliest phase of the policy process, begins when a problem is first sensed. At this point, a number of ways to alleviate it may be proposed, including many ill-defined and inappropriate "solutions." This phase, marked by a casting about for answers, should help to sharpen and redefine the problem.

Estimation, the second logical step in the process, deals with risks, costs, and benefits associated with each candidate solution suggested in the invention phase. Estimation implies narrowing the range of plausible solutions (by excluding the infeasible or the truly exploitative, for instance) and ordering the remaining options according to scientific *and* evaluative criteria. A battery of sophisticated methodologies is available for this purpose. Social experiments represent an interesting combination of scientific and evaluative perspectives, a point to which we return shortly.

The third, or selection, phase is most easily seen as the "political" step. Someone, usually the policymaker, must select from the "invented" and "estimated" options. The policymaker must strike a balance between the analyst's rational calculations and the multiple, changing, and conflicting goals held by society at large.

Implementation refers to the execution of the selected option. As evidenced by a heightened interest in and statements of concern about the failures of policy implementation, this is a phase of the overall policy process that is little understood, not particularly appreciated, and not well developed. We need to think more systematically about implementations and to integrate it into the other phases of the policy process. Certainly one must understand implementation mechanisms before government performance can be evaluated and improved, the next step in the sequence.

Initiation or invention and estimation are primarily forward-looking activities. Selection stresses the urgency of the present. Evaluation is basically backward-looking, concerned with inquiries about system performance and individual responsibility. Typical topics and questions reflected in the idea of evaluation include the following: What officials and what policies and programs were successful or unsuccessful? How can one assess and measure performance? What criteria were used to make those measurements? Who made the assessment, and what were the assessor's purposes? Evaluation is a necessary input to the next and final phase of the sequence.

Termination or adjustment is necessary when policies and programs have become dysfunctional, redundant, outmoded, unnecessary, and so forth. From the conceptual point of view, it is not a well-developed phase; however, one should not underrate its importance. How, for instance, can a policy be adjusted or terminated without having been thoroughly evaluated? Who suffers from the termination? What provisions for redress have to be considered? What personal costs are involved by termination? Can they be met? What can be learned from termination that will inform the initiation and invention of new policies or programs in the same or related fields? The list of relevant questions is long, but neither these questions nor the fact that termination is linked intimately to other steps in the policy process should be ignored.

How does experimentation fit into the phases of this rather abbreviated and stylized characterization of the policy process?

EXPERIMENTATION AND POLICYMAKING

In the initiation or invention phase prototyping will allow systematic but relatively unstructured efforts to generate a full range of options for subsequent consideration. So conceived, prototyping is a precondition to full-scale experimentation. It is exploratory, and seeks to assess new options in the light of existing institutional practices.

For example, rather than conjecturing about various proposals to construct large-scale community information utilities, it may be a more efficient and effective strategy to develop a limited prototype utility to determine political-institutional, technical, and admnistrative-managerial effects. A basic feature of the prototype, as distinguished from the social experiment, is that the policy alternatives considered are at best imperfectly and incompletely known. By constructing a prototype, one may reach

an initial agreement on a testable set of experimental options.

Systematic experimentation is well suited to the estimation phase of the policy process where several alternatives may be simultaneously tested according to both scientific and evaluative criteria; however, one needs to make some important conceptual distinctions between natural experiments, random innovations, and more systematic forms of experimentation. A common feature of these experimental forms is that novel options have been tested or partially realized in some limited setting. A common deficiency of current policy practice is that these experiences are seldom carefully evaluated and information about them is not made generally available. As a result, the wheel gets reinvented with distressing regularity.

For example, management information system development has progressed in the "natural" way in a number of municipalities over the past decade. However, no thorough evaluation of those natural experiments has been carried out. In effect, a large but uncoordinated and unevaluated investment in natural experiments has been made, but lacking a systematic experimental orientation, general social dividends from it have not yet been realized. Many of these natural social experiments exist, but we have not yet capitalized on the general lessons they provide about political, technical, and administrative opportunities and problems.

Random innovations could also be integrated better into the policy process, and adopting a general experimental attitude might be one way to do it. There is a biological revolution of dramatic proportions confronting mankind, a revolution characterized by random alterations of the genetic basis of life itself. However, this random experimentation is not accompanied by any systematic or careful investigation of the implications it may have for us all. What human and institutional measures must be developed to control these random events in ways congenial to the full development of man? We have scarcely even begun to recognize the problem, much less turn our full attention to its resolution.

If an experiment has been carried out well, it should contribute to the final choice of one of the tested alternatives. Hopefully, more and better information will have been generated in the course of the experiment, cannot easily be ignored and that will in significant ways improve and focus debate about issues involved in the choice.

Implementation may be enhanced by conducting social experiments. First of all, the experiment may provide vital clues about the operation of institutional and individual incentive systems vis-à-vis a set of tested alternatives. Because implementation seems to depend delicately on such incentive systems, the experiment affords a preview of how equally plausible options will be treated. That, in itself, may be sufficient reason to experiment. Finally, eventual implementation may be speeded because the alternative chosen will have been operationally tested; participants will "know" how to get a new but tested program under way.

The connection between implementation, evaluation, and social experimentation has been mentioned. An experiment may yield a variety of valuable performance indicators. For instance, how much should an option cost for a given amount of service or output delivered; how long should a given procedure take to implement; and how many persons are needed to carry out detailed tests of the option? Such performance measures serve as initial evaluation criteria for the option's more general implementation. Rigid adherence to experimentally derived measures is not expected, but such measures provide a point of departure for detailed follow-up.

Possible impacts of the social experiment on the termination phase of the sequence are not predictable, primarily because we have not yet had adequate experience. In principle, the experiment should begin to shed light on whether the studied problem is going to be chronic, recurring, or resolvable. If chronic, one would expect slight demand for termination (as is the case of Medicare or Social Security); if recurring, one might consider building into the selected option termination provisions that are a function of service demand (as is the case with disaster relief programs); and if the problem appears to be resolvable, termination provisions might be built in directly (as was the case with polio prevention research).

By relating social experimentation to the policy process, some of the possible benefits inherent in the technique are revealed. Figure 1 shows how various benefits may emerge from each phase of the policy process. The list is impressive. However, the promises of social experimentation are still far from being realized and there are many pitfalls along the way. Realizing the potential is an intricate and formidable challenge, but the rewards for meeting the challenge squarely seem well worth the considerable difficulties involved.

About the author: As a doctoral student in political science at Yale, Garry Brewer did research for the Defense Advanced Research Projects Agency and was a consultant to Rand. In 1970/1971 he took a professorship at Berkeley, followed by a lecture series at the University of California at Los Angeles and the University of Southern California. On the permanent Rand staff since then, and on the faculty of the Rand Graduate Institute for Policy Studies, Dr. Brewer has worked on the theory and techniques of operational gaming, developing criteria for validating, evaluating, and costing games. His other research interests include the appraisal of policies and programs for handicapped children, and the design and implementation of regional information systems in several national settings.

POSSIBLE BENEFITS

Initiation/Invention

Creative thinking about a problem.
Prototypical design.
Crude Hypothesis testing.
Preliminary investigation of concepts or claims.

Estimation

Scientific examination of likely impacts and outcomes of a set of plausible options.
Normative/evaluative examination of likely human impacts of plausible options.
Development of outlines of a complex program.
Thorough evaluation of concepts or claims.
Establishment of a first approximation of performance indicators.
Detailed estimation of critical parameters.

Selection

Focusing debate on the actual issues.
Allowance for "cleaner," less "hedged," or "compromised" options to be selected.
Choice among program designs.
Reduction of uncertainty about various options.

Implementation

Development of specific, difficult pieces of a program.
Development of a complex program giving due respect to existing institutional and incentive structures.
Minimization of implementation costs.
Establishment of performance expectations based on estimates of critical parameters for selected option.
Reduction in unexpected and unwanted "surprises" from program implementation.

Evaluation

Comparison of estimated performance levels with those actually attained.
Reconciliation of expected institutional responses with those actually observed.

Termination

Predetermination of whether the problem is chronic, recurring, or resolvable.
Generation of information about new problems, some of which may require experimental treatment.

Mr. BROCK. Mr. President, let me summarize what the effect of this particular amendment will be.

Mr. ROBERT C. BYRD. Mr. President, if the Senator from Tennessee would yield for a question, is it his intention to ask for the yeas and nays on this amendment?

Mr. BROCK. No; it is not. I would hope and I believe that the amendment will be agreed to by the ranking minority member and the chairman of the committee.

Mr. ROBERT C. BYRD. I thank the Senator.

Mr. BROCK. Mr. President, the Senator from Montana and I feel very strongly that this new Budget Committee, in its role of establishing the budget process and presenting to Congress the opportunity to determine national priorities, has an obligation to continue its studies for ways and means by which we may make further improvement in the budget process.

I do not think any of us feel that this bill is the end of the road. To the contrary, we feel that it is the beginning of a major reform effort to give this body the tools with which to be more responsive to the American people.

We would suggest that the committee, once created, study ways and means of making further improvements, study issues such as methods by which Congress can produce information for better program analysis.

I would very much like to see Congress establish ways in which we can improve the quality of our ex post evaluation of existing programs; study ways to consider alternative program strategies: consider the desirability of 2-year appropriations, 2-year budget cycles, or other means of obtaining stability and thorough consideration of decisions. Additionally, we really must consider ways and means of evaluation in human terms—human resources accounting, if you will—noneconomic evaluation measures—in order to better assess the impact of our programs on the quality of life in this country. We should study the desirability of time limits for authorizations, as opposed to appropriations; and study the presentation of budget data organized on program purpose lines in addition to functional presentations.

This amendment would give the committee the authority to do these things, to report its recommendations, to form task forces with the new Congressional Office of the Budget, the GAO, and agency experts, and to study desirable ways and means of upgrading our budgetary process.

The sum and substance, Mr. President, is to place on the committee's agenda a mandate for continuing effort to review and analyze and appraise and upgrade our efforts for budgetary reform. I believe this is very much in consonance with the purpose of this bill.

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

Mr. BROCK. I yield.

Mr. ERVIN. I say to the Senator from Tennessee that this amendment is in entire harmony with the bill. In fact, it is designed to make the bill substantive legislation on this subject.

The Senator from Tennessee has been one of the most diligent people in the development of this bill. His amendment gives a mandate to the committees on the budget to study methods, and it gives them facilities for making such studies that will improve the congressional budget in the future.

So far as I am concerned, I am in favor of the amendment, and I understand that the Senator from Illinois also is in favor of it.

Mr. PERCY. Mr. President, if the Senator will yield, I should like to join the chairman in his comments, because I did support titles VII and VIII in the original S. 1541 reported by the Government Operations Committee. These were titles drafted by the distinguished Senator from Tennessee (Mr. BROCK).

I strongly favored these titles, because I believe that too frequently we get going on a program and we do not evaluate it. We never take another look at it. We just assume that everything is going along all right. However, many times if we take a look at them, we find that everything is not all right. For example, the Government Operations Committee took a look at Presidential committees and commissions, and found that we were spending $65 million on them. We passed legislation to correct that.

If we were to take a look at some of these programs, we would find that some have served their usefulness and should be discontinued.

I was disappointed when this proposal was taken out of the present bill; but now that we are simply asked in amendment No. 1023 to provide for a Budget Committee study to look into this matter, to see whether we should do more with respect to oversight and evaluation, I certainly support it. I commend the Senator for offering the amendment. I know of no one on this side who is opposed to it.

Mr. BROCK. I say to the Senators from North Carolina and Illinois that I am very grateful for their support. We share the same objective.

I would be remiss in presenting this if I did not, in addition, pay my respects to the chairman of our subcommittee, the Senator from Montana, who has uniquely contributed to the process of this bill and to its component parts. I am grateful for his support and for his cosponsorship of this amendment. He has meant much to the legislative process, and it has been a pleasure to serve under his leadership.

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

Mr. BROCK. I yield.

Mr. HUMPHREY. I should like to ask a question. I had to step out of the Chamber for a moment.

Does the Senator's amendment provide for legislative review of proposals and programs authorized by Congress, for oversight as a kind of followthrough, to make sure that these programs are operative?

Mr. BROCK. It does not require a triennial review, as my original section did, because that was stricken by the Rules Committee, in a concern that we were trying to bite off more than we could chew given our present limited understanding of these matters.

What we have done in this amendment is to direct the newly formed committees on the budget to study ways and means in which we can exercise greater oversight and evaluation functions.

Mr. HUMPHREY. I thank the Senator. I have an amendment which I will offer later—I say this primarily for the Record—which hopefully will strengthen the provisions in the bills and add to the ability of Congress to carry on oversight responsibilities.

Mr. BROCK. I look forward to the Senator's amendment and intend to support it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BARTLETT. Mr. President, S. 1541 must be regarded as one of the most significant fiscal reforms of the last 50 years. The enactment of the Congressional Budget Act of 1974 will take its place in history alongside the creation of the House Ways and Means Committee in 1802, the establishment of the House and Senate Appropriations Committees in 1869 and 1867 and the passage of the Budget and Accounting Act of 1921.

The need for this reform is most pressing. Federal expenditures have grown like topsy. They have gotten completely out of hand. Since 1900 per capita expenditures have grown from $7 per person to over $1,100 in 1972. Roy Ash, Director of the OMB, recently estimated that the Federal Government is spending $10,000 per second 24 hours a day, 365 days a year. As a corollary to this spending, the Federal debt has reached almost $500 billion, inflation has skyrocketed and twice in recent years we had to devalue the dollar.

The power of the legislative branch to control expenditures began 600 years ago when the English Parliament first challenged the Crown over expenditures. Our own Founding Fathers molded the President-Congress relationship over spending after that of the Crown-Parliament in England providing in the Constitution that—

> No funds shall be drawn from the Treasury but in consequence of appropriations made by law.

But if Congressional power over the purse is "a most complete and effective weapon" as Alexander Hamilton characterized it, we should utilize it as a "carefully aimed rifle rather than an ineffective blunderbuss."

Our spending decisions should be made on the basis of full and factual information—not only about the individual programs but also about the distribution of funds among the different programs and with full cognizance of totals to be expended in relation to total revenues and the national debt.

I am satisfied that S. 1541 is a giant first step in bringing a semblance of order and priorities to the congressional spending process. With this bill, Congress can continue to receive the benefits of the President's budget, but will no longer be at its mercy. The bill will give Congress the organization to develop and enforce its own budget.

But with these new benefits also comes new responsibility. No longer can Congress point the finger of blame at the executive branch if budget and debts continue to soar. Congress will have matured and the responsibilities of the Congress over the budget will be significant.

Mr. President, I am pleased to be a cosponsor of S. 1541. Its passage will hopefully mean a more enlightened Congress spending more wisely our Nation's tax dollar.

The members of the Government Operations Committee and the Senate Rules Committee are to be congratulated for overcoming the extreme complexity of congressional budget reform. For a single executive to resolve political differences over $300 billion in spending requests is itself a gigantic undertaking. For Congress, with 535 independently elected Members, 26 committees, Republican and Democrats, conservatives and liberals and representing a variety of economic and social interests, the problem of creating a single congressional budget has appeared virtually impossible.

After the 93d Congress got underway last year over 250 bills and resolutions relating to budget reform were introduced in Congress. In the Senate these measures were referred to the Government Operations Committee. Senator METCALF chaired the Subcommittee on Budgeting Management and Expenditure and with his usual dedication did an outstanding job of studying the proposals and developing comprehensive legislation which eventually emerged as S. 1541.

I appeared before Senator METCALF's committee and testified concerning Senate Concurrent Resolution 19, my own proposal for budget reform. I am pleased that some of the ideas set forth in that resolution are included as a basic concept of S. 1541.

I know the Congress can and will make improvements in the budget mechanism as time goes by. I would like to see stronger teeth in this bill which would require Congress to establish a balanced budget and live within it. Hopefully, during the consideration of this legislation, or in time, that will come.

Mr. President, I am pleased to be a cosponsor of S. 1541. Its passage will hopefully mean a more enlightened Congress, spending more wisely our Nation's limited tax dollars.

AMENDMENT NO. 1017

Mr. CHILES. Mr. President, I call up my amendment No. 1017, and I ask unanimous consent that names of the following Senators be added as cosponsors: the Senator from Delaware (Mr. BIDEN), the Senator from California (Mr. TUNNEY), the Senator from Kentucky (Mr. COOK), the Senator from Kansas (Mr. DOLE), the Senator from Illinois (Mr. PERCY) and the Senator from Minnesota (Mr. HUMPHREY).

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

The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. CHILES. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 107, after line 19, insert the following:

(d) Each meeting of the Committee on the Budget of the Senate, or any subcommittee thereof, including meetings to conduct hearings, shall be open to the public, except that a portion or portions of any such meeting may be closed to the public if the committee or subcommittee, as the case may be, determines by record vote of a majority of the members of the committee or subcommittee present that the matters to be discussed or the testimony to be taken at such portion or portions—

(1) will disclose matters necessary to be kept secret in the interests of national defense or the confidential conduct of the foreign relations of the United States;

(2) will relate solely to matters of committee staff personnel or internal staff management or procedure;

(3) will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual, or otherwise to expose an individual to public contempt or obloquy, or will represent a clearly unwarranted invasion of the privacy of an individual;

(4) will disclose the identity of any informer or law enforcement agent or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or

(5) will disclose information relating to the trade secrets or financial or commercial information pertaining specifically to a given person if—

(A) an Act of Congress requires the information to be kept confidential by Government officers and employees, or

(B) the information has been obtained by the Government on a confidential basis, other than through an application by such person for a specific Government financial or other benefit, and is required to be kept secret in order to prevent undue injury to the competitive position of such person.

(e) Paragraph 7(b) of rule XXV of the Standing Rules of the Senate and section 133A(b) of the Legislative Reorganization Act of 1946 shall not apply to the Committee on the Budget of the Senate.

Mr. CHILES. Mr. President, my amendment would restore antisecrecy language in the budget bill—language that the Rules Committee deleted.

Supporters of the Humphrey-Roth amendment of last year and cosponsors of my own Federal Government-in-the-sunshine proposal, S. 260, need no convincing, I am sure, of the necessity for this provision. But others who have in the past expressed various reservations concerning open meetings legislation will be interested in the results of a Common Cause survey of House Committee practices in 1973.

Open meetings now characterize the House. This is in stark contrast to the Senate where secrecy continues to govern the conduct of all but a few committees.

In 1973, the first year under its new antisecrecy rules, the House reversed its decades-old tradition of doing all of its important committee work behind closed doors and opened almost 80 percent of its mark-up meetings to the public. The House openness rule was adopted in the belief that the public has a right to know what is done to legislation in committee—usually the most important point in congressional action on a bill. This was a major breakthrough in the history of the Congress. And even more impressive is the fact that the House—with its news openness rules—was able to do as much work in 1973 as it had done in the last comparable session, even though opponents of the new rule had alleged it would not work. The antisecrecy rule did not impede the activities of the House—in fact, many important and complicated pieces of legislation were drafted by committees in open session and brought to the House for votes with no more delay than in earlier years when secrecy prevailed.

With S. 1541 we have the opportunity to interrelate all congressional spending decisions to each other and give the Congress earlier and more accurate information as to how much money is needed and is available to finance Federal programs.

This bill is intended to provide Congress with much more complete information as to the consequences of any decision to increase or decrease the funding of Federal programs or the size of the Federal surplus or deficit.

My amendment, No. 1017, is intended to provide the public with much more complete information—to allow them access to meetings of the Committee on the Budget of the Senate unless the majority of the members of the committee present determine by record vote that the matters to be discussed or testimony to be taken fall into one of five exemption categories; that is, that the matters to be discussed at the meetings: first, will disclose matters necessary to be kept secret in the interests of national defense; second, will relate solely to matters of committee staff personnel or internal staff management or procedure; third, will tend to charge an individual with crime or misconduct, to disgrace or injure the professional standing of an individual to public contempt or represent an unwarranted invasion of privacy; fourth, will disclose the identity of any informer or law enforcement agency or will disclose any information relating to the investigation or prosecution of a criminal offense that is required to be kept secret in the interests of effective law enforcement; or fifth, will disclose information relating to the trade secrets or financial or commercial information pertaining specifically if an act of Congress requires the information to be kept confidential by Government officers and employees or the information has been obtained by the Government on a confidential basis.

The intent of S. 1541 is to give Congress better visibility over program evolution in order to assist in the setting of priorities. It certainly seems logical then that the public ought to be able to know what goes on during meetings of the Committee on the Budget. This will be the place priorities will be set. This will be the place important decisions will be made—decisions which will have a direct effect on the public. The people are the benefactors of the programs that will be considered at the meetings. And they are also picking up the expense of the programs through their taxes. It is, after all, their Government—a government of representative officials elected to serve the people's interests. It surely seems fitting and appropriate then that the public be allowed in on the activities of that committee.

As I have said before, frequently, in discussions over openness rules, bills, and amendments—the closed door practice in Congress is contrary to the spirit of our Constitution. As individuals and as a collective body, Members of Congress have as their duty under the Constitution the function of providing their constituents with the most efficient and nondiscriminatory legislation possible. I think too, that the Senate has both the means and the integrity to restore the public confidence in Government and its institutions which has been so seriously eroded in recent months.

I strongly urge my colleagues to look at the facts:

First. Openness works. It has worked well in the House this past year. Major legislation, including the emergency energy bill considered by the House Interstate and Foreign Commerce Committee, was considered in open markup. It has worked well in the committees of the Senate that have opened their meetings. It has worked well in the Committee on Government Operations which by rule opened up its meetings; it has worked well in the Committee on Interior and Insular Affairs, which opened up its meetings; and it has worked well in the Committee on Banking, Housing and Urban Affairs, which has opened up its meetings.

Second. In the setting up of a new congressional budget procedure the time is right now to provide for citizen access. The Government Operations Committee saw fit to include this openness language in S. 1541.

Third. Open meetings do not lead to filibustering or showboating. They offer, I believe the opportunity for a candid look at how legislators work. Predictions of disaster are repudiated by actual experience. Through open meetings the media can do a better job reporting and is less dependent on "leaks."

There are not many secrets on Capitol Hill. Any "secret" meetings I have attended were usually reported in full in the newspapers—only I hardly recognized it was the same meeting I attended. Open meetings can do much to assure fair and accurate reporting serving the citizen and the legislator.

CONCLUSION

Thomas Jefferson in a letter to John Adams critically commented on the closed sessions of the Framers of our Constitution. I believe that criticism is very appropriate today. Jefferson said:

I am sorry they began their deliberations by so abominable a precedent as that of

tying of the tongues of their members. Nothing can justify this example but the innocence of their intents and ignorance of the value of public discussion.

I do not believe we are ignorant of the value of public discussions. And as for our intentions—I must believe that they too are of the highest order. We are intent upon increasing budget control and congressional visibility—and this effort is a part of an overall intent to assure governmental accountability to the people. But how can that effort be one of good faith if we do not resolve to meet in public? How can our rhetoric about need for citizen participation and involvement be meaningful unless we restore the link between the people and the Government—by letting the people in on the Government?

Democratic self-government and informed citizenry just naturally go hand in hand. It is essential then that public business be conducted in public—in the open—in the "sunshine." Only with this openness can the public judge and express, through its vote or its voice, whether governmental decisions are just and fair, whether the Government is a government of the people.

Mr. ROTH. Mr. President, I urge adoption of amendment 1017, the Chiles-Roth amendment, to restore the anti-secrecy provisions to the Federal Expenditures/National Priorities Act.

The debate on open versus closed committee markup meetings is a familiar one to this body. To put it in a nutshell, the question is whether committee markup sessions should be open as a general rule with the option to close in compelling circumstances or whether markups should be closed with the option to open at the convenience of the committee.

I have argued that in a democracy there can be no valid reason for obscuring from public view a vital part of the legislative process unless there are clearly compelling reasons to do so. I will not rehash old ground by listing the many arguments in favor of open meetings, but I want to point out why openness is essential in the case of the proposed Senate Committee on the Budget.

This committee will be one of Congress most important committees. It will set an overall budget ceiling, and it will establish ceilings within which each authorization committee of the Senate must operate. In essence, then, it will have a crucial role in determining national priorities. It will consider the budget in relation to revenues and will hence have a major role in determining whether or not or to what extent the Federal Government will take the lead in controlling inflation. It will cover, in a way which no other committee—except perhaps Appropriations—does, the whole gamut of public policy. Certainly if the citizen has a right to know anything about this Government—and his right is fundamental to our democracy—it is where his money will be spent and whether his Government is going to have a balanced budget or increase the national debt and how these issues are decided.

Second, the point is not often made, but it is nonetheless true, that closed meetings not only exclude the public and the media. In the process they also tend to impair the channels which a Senator uses to keep track of the activities of committees other than his own. Each Senator—whatever his committee assignments—will have a direct interest in the operation and decisions of the Budget Committee because that committee will influence in a profound way which each standing authorization committee may do. For this reason, too, I think it is most important that we establish right from the outset that this new committee will not operate only at its own convenience, but must, except in compelling circumstances, conduct its markups in open session.

Finally, it should be noted that in previous debates reservations were expressed as to whether committees could operate effectively and in the national interest in open markup. Experience has proven that they can. I have the great privilege of sitting on the Committee on Government Operations. Its markup on this bill was public. Its markup on the Federal Energy Emergency Administration Act was public. So was the markup on the Congressional Right to Information Act.

Mr. President, I hope my colleagues will join Senator CHILES and myself in supporting open markups for the Senate Budget Committee.

Mr. ROBERT C. BYRD. Mr. President, I rise in opposition to the amendment.

Last March a year ago, the Senate Rules Committee reported out Senate Resolution No. 69, which was adopted by the Senate on a rollcall vote, I believe, of 91 to 0.

The background of that resolution was somewhat as follows: Going back to the very origin of the Senate, in 1789, there was no requirement in the Senate rules that meetings of Senate committees for markups or voting should be open. As a matter of fact, the Legislative Reorganization Act required meetings of standing committees of the Senate for markup sessions and for voting to be closed. It was to alleviate that situation that the Senate Rules Committee reported out Senate Resolution 69, because various committees of the Senate wanted to conduct open markup and voting sessions. They could not do so because there was no provision in the rules for such open sessions, and, as a matter of fact, as I have already stated, the Legislative Reorganization Act required those meetings to be closed.

I am not talking about hearings. Hearings, under the Legislative Reorganization Act, of standing and select and special committees, except under special circumstances where there is classified information requiring an executive session, are open.

But, in order to accommodate the legitimate and justifiable wish of various committees that they be permitted to have open markups and voting sessions, the Rules Committee early last year reported Senate Resolution 69, which provided that meetings of standing committees shall be open, except for markup sessions and voting sessions and when a majority of the committee votes to close meetings.

Also provided by Senate Resolution 69, which is now in the form of paragraph 7(b) of rule XXV of the Standing Rules of the Senate, a committee may by rule determine whichever course it wishes to take. A committee, by rule, may decree that markup sessions or voting sessions may be open. Complete autonomy is given to every standing committee of the Senate by paragraph 7(b) of rule XXV of the Standing Rules of the Senate, made possible by Senate Resolution 69, which was adopted last year unanimously by the Senate.

So any committee may, by rule or majority vote, order those meetings which otherwise would be closed—to wit, markup sessions and voting sessions—to be open. The Committee on Government Operations may adopt a rule to have all its meetings open, and it has done so. The Committee on Public Works could autonomously, under paragraph 7(b) of rule XXV, decree that a markup or voting session be open by majority vote.

That is a fair and just rule. It gave every standing committee the authority to have open markup and voting sessions which, prior to March of last year, could not be open. So it brought the sunshine in to that extent.

Now the distinguished Senator from Florida has indicated that various committees have successfully implemented this rule and are finding it valuable to open those sessions which, prior to last March, were required to be closed. Many committees, as he has correctly indicated have adopted standing rules requiring such committee sessions to be open. Other committees have not adopted such a rule. As I say, it is up to each committee to adopt its own rule, or, in the absence of a rule, to determine on a case-by-case basis whether or not it will open markup and voting sessions.

In any event, whether the meetings are open or closed, under the Legislative Reorganization Act every rollcall vote conducted in a committee must be made public and the persons identified who voted for and who voted against and who voted present or who were absent, and that vote must be in the committee report accompanying every bill, unless that committee has, prior thereto, publicly announced the vote and identified those who voted for and against.

I reiterate that hearings are not involved in this amendment. Hearings were not involved in Senate Resolution 69 last year. They are already mandatorily made open to the public unless a majority of a committee feels that, under peculiar circumstances, there is classified and sensitive information that ought to be heard in executive session.

The distinguished Senator from Florida comes in here today and offers an amendment—and I respect him for being consistent; I respect him for his sincerity, and I respect him for his conscientiousness of purpose; I do not find fault with him for that—which seeks to singe out the Budget Committee, that would be created by this very important legislation, and discriminate against it by saying that paragraph 7(b) of rule XXV of the standing rules of the committee shall not apply to that committee.

In whatever way the Senate wishes to go, that is all right with me. But I do not think the Senate should attempt here, today, to impose its will on a single, standing committee of the Senate. I do not know who will make up the membership of that committee if the legislation passes. I do not intend to serve on it. I would not serve on it if I were asked to serve on it. I have all the work I can do, and more. But I believe that Senators who may be on that committee should have the right to determine for themselves the rules that that committee shall follow, just as every other standing committee of the Senate has the prerogative of making such determination.

The Committee on Foreign Relations often must consider very sensitive matters, matters that go to the heart of the national security.

The Committee on Appropriations of the Senate often must consider, in executive session, highly classified matters that go to the national security of America.

The Committee on Armed Services often finds it necessary to consider in executive session extremely sensitive and delicate matters.

The Budget Committee, if it is created by this legislation, is going to cut across all of these subject areas. It is going to have to consider in executive session, if it is to protect the interests of the country, classified material that would be also within the jurisdiction of the Armed Services Committee, the Committee on Appropriations, or the Committee on Foreign Relations.

Why should Senators single out one standing committee and say, "'You are not equal to the other standing committees"? The Budget Committee should have the prerogative to determine for itself what it shall do. But we would be saying, in effect, that we are not going to let it do that. We would be saying, "The Senate is going to impose upon you a mandate that, with respect to sensitive, classified information which your committee members may feel ought to be considered in executive session, you will not be able to consider in executive session until such time as a majority of your committee votes to close the session." I do not believe that is right. If we are going to impose that mandate on the Budget Committee, then let us reconsider Senate Resolution 69 in another form or under a new number, and let the Senate impose the same mandate upon all the standing committees of the Senate. Let us not single out one committee—the Budget Committee—and say that it will be bound by this rule which the Senate lays down today by this amendment, while the other 17 standing committees may each decide for themselves under rule XXV, paragraph 7(b), what procedure they will follow.

I am for sunshine where there ought to be sunshine. For example, I am for having selected debates of the Senate on television. I have submitted a resolution that has been referred to the Committee on Rules and Administration for a study of such a matter. I think it is an idea whose time has come, as the late Senator Dirksen used to say. I think that one of the things that is wrong with the country today is that the President, whether he be Democrat or Republican, can command, at the snap of his fingers, literally speaking, all the television networks, all the radio broadcasting networks, and all the press media to carry an instant messages to the people anytime he wishes. He can put his case before the American people and have all the networks at his command. But in Congress we have 535 voices; nobody speaks for Congress. I think there ought to be televised sessions of Senate debates on a selected basis, so that the American people can see for themslves whether or not Congress is "dragging its feet" on any issue—as the President last night incorrectly and unjustifiably charged.

So I should like to have sunshine there. Congress should get its message out to the people. But I am not for saying to one committee, "You will do it this way, but we will allow the other 17 committees to decide for themselves." I think the Budget Committee ought to have the same right, the same prerogative. To do otherwise would discriminate against that committee.

I for one have faith in the Senate. I personally think we ought to make our judgments based not on what the House does. The House has the closed rule. We do not have a closed rule in the Senate. Any Senator can come to the floor and offer any amendment he wants to offer and get a vote on it in public view.

The House operates under a closed rule. Members there are sometimes deprived of the privilege that Senators have, but sometimes for good reason.

I have served in a State legislature. I have served in both houses of the Legislature of West Virginia. But I think we ought to determine how we do business in the Senate, not on how business is done in the West Virginia Legislature or in the other body of Congress, but on the basis of what is most efficient and most reasonable for the Senate. I have faith in every Member of the Senate. I do not think that Senators on any committee have to have self-approved watchdogs looking over their shoulders. If a committee wants to have an open session for markup, it can do so now, under the rules.

If it does not want to be bothered about having votes from time to time on the matter of open markup sessions, it can adopt a standing rule in the committee that all such meetings will be open. It seems to me that that is fair enough.

I know that the motives of every Senator are as high and as good as my own motives. I simply think it is wrong to single out one committee. I think we ought to go by the rules. If we want to change the rules, let us change the rules. If there is an effort to change the rule, I will vote against it, but the majority will prevail. If the Senator from Florida (Mr. CHILES) can get a majority vote, he will do it. Last year he made an effort, but he failed by nine votes.

Let us not attempt, however, to undo piecemeal what the Senate wrote into its standing rules last year. If the Senate wants to make a change in a rule, let us do it head on, not chip it away, which this amendment would have the effect of doing.

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

Mr. ROBERT C. BYRD. I yield.

Mr. PERCY. I am really most heartened by the way the Senator from West Virginia has stated his views. Some parts of his speech I could not agree with, but having heard his comments, I want to say how much we appreciate the recommendations of the Senator from West Virginia and his part in making this legislation better than it was before.

In this respect, I have tried to take an objective and impersonal view, because in the Committee on Rules and Administration this particular section was cut out. This section represented an amendment which the Senator from Illinois had offered and which had been unanimously accepted in the Government Operations Committee, as I recall.

But in retrospect and in fairness, I must say that I received my inspiration for the amendment from the Senator from Florida, who has long fought for open committee meetings and who worked within the Government Operations Committee, under the rules of the Senate, to open up our markup sessions unless, by a vote of the committee, we closed them for a specified reason.

I wondered how it would work. We have now had more than a year of operation. It has worked remarkably well. Not at any time have we ever had an audience we could not control. No one from the audience has ever interfered. It has helped get Senators there on time and be more attentive. I think we have, in a measure, removed the suspicion that so many people have as to what goes on behind those closed doors when we sit down to really do the work of the Senate and markup these bills.

So we now have the rule of the Government Operations Committee, which the rules of the Senate permitted, and we have found that it has worked very well indeed.

In this particular case, I have felt there was good justification for inserting this provision of open markups in the Budget Committee operations, because there every single committee will be affected. It will affect every lobby that exists in the country, and every citizen.

When we look at the declaration of purpose of the bill as reported by the Committee on Government Operations and by the Committee on Rules and Administration, it is very clear. There are four separate purposes: First, to establish national goals and priorities to meet the needs of a strong national economy—I am sure every citizen in America agrees that we need a strong national economy; second, to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures—and that is of interest to every concerned citizen; third, to assure the most effective use of Federal revenues—those revenues come from our citizens, who should be more interested in

how effectively we use them. It is the concerned citizens who feel, by 90 some percent according to the latest polls, that we do not use them effectively; and fourth, to assure effective control over the budgetary process.

The function of the Budget Committees of the House of Representatives and the Senate would be to develop concurrent resolutions on the budget and a reconciliation bill. I cannot imagine that when the Budget Committee comes in, after all of this deliberation, and has a markup, the various committees of the Senate would not want to have a staff member attend that session. They will want to see the blow-by-blow process as those concurrent resolutions are marked up, which will have such a vital effect upon their work. If I were on the Armed Services Committee as a member, or were a staff member, and I had worked for many months, I would not want to have the feeling that the debate on national priorities was behind some closed door. I would like to see and hear what goes on, and obviously many others would want to.

For that reason, I have felt that before Senators voted on this proposition, or before they decided they were going to ask for membership, in their respective caucuses, on this committee, they ought to know about it ahead of time. I am delighted to hear that the distinguished assistant majority leader, a very powerful member of the Committee on Rules and Administration, is anxious to have a study to see whether we should not change the rules for all committees. I think it is very interesting, just as in the Federal judicial system——

Mr. ROBERT C. BYRD. Now, if the Senator will permit me, I had rather the Senator did not put words in my mouth.

Mr. PERCY. I am sorry if I misquoted the Senator.

Mr. ROBERT C. BYRD. I said I had submitted a resolution for the Rules Committee to conduct a study on televising the debates of the Senate, which is a different matter.

Mr. PERCY. I accept that modification, then, and I think that such a study is to be encouraged and supported.

I would also hope that after the Senate, and particularly the Rules Committee, has seen and drawn from the experience of various committees that have now opened up their markups and processes of deliberation, we might get a pattern as to whether this would be good for the entire Senate. It is to move us in the direction of getting more experience, particularly in a committee that affects vitally the work of every single committee and that vitally affects the Nation and all of its citizens, that I would hope we could successfully adopt this measure. I trust that the sponsor of the amendment will ask for a rollcall vote. If he does not intend to ask for it, the Senator from Illinois will do so.

I see assent. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. PERCY. For the various reasons reiterated, I am enthusiastically in support of the amendment. In fact, I really hope that the Members of the Senate, after taking into account the nature of the work of this Budget Committee, will feel that all such sessions and markups should be open unless national security matters are being handled, or matters that might affect certain of the exclusions enumerated in the amendment. In those cases, the reasons could be fully explained, and then a vote taken to close the meeting.

It is understood that many times it is necessary to do that, but I would hope that for the most part, most of these sessions could be opened, and that it would not be necessary each and every time there is a markup on a concurrent resolution or a reconciliation bill to specifically ask for a vote to open it. I would hope it would be looked upon as standard procedure for this committee, rather than the exception.

Mr. ROBERT C. BYRD. I thank the Senator. The standard procedure is provided for in rule XXV, paragraph 7(b), which provides for every committee to be completely autonomous in this regard and make its own rules. If the Budget Committee wants to do that, I would not be surprised to see the distinguished Senator from Illinois—in view of the great input he has had on this bill and the longtime interest that he has shown—become a member of that committee, and I am sure he would carry the banner right up to the cannon's mouth and ram it down the barrel, in the interest of having open sessions. That is perfectly within his rights, and if he did so as a member of that committee, I would have no complaint. I just think, however, we ought to stick by the rules, and let every committee be treated alike.

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

Mr. ROBERT C. BYRD. I have promised to yield to the Senator from Montana first. It was largely because of the request and at the urging of the distinguished Senator from Montana (Mr. METCALF) that the Rules Committee took this matter under consideration and came to grips with it, and it is largely based on his support, advice, and counsel that the committee acted as it did to bring out Senate Resolution 69 last year and S. 1541, the bill now before the Senate.

Mr. METCALF. Mr. President, I am grateful to the Senator from West Virginia.

It was my responsibility to be floor manager of the Legislative Reorganization Act of 1970. Senator Yarborough, whom we all remember with great respect and high regard, offered an amendment which, much to my surprise, closed committee meetings so that we could not have markup sessions in public. When, in the Interior Committee and the Government Operations Committee, I found out that there would be a point of order raised against bills on the floor because we had had markup sessions in public, the Senator from West Virginia will recall that I came before the committee and suggested that we have an amendment of the rules. The Senator brought out this rule, and I supported it, that said we should open up committee hearings by majority vote.

I have always remembered an admonition that Speaker Rayburn made. The Senator from West Virginia and I came to Congress together and served under Speaker Rayburn. He said that the most effective rule is a working majority.

I was confident that in my committees, the Committee on Government Operations and the Committee on Interior and Insular Affairs, we had a working majority and could open the committees up. So I had thought that the rule suggested was satisfactory, and, if the Senator will recall, I supported him on the floor.

I just completed a hearing this morning about these various things in the House and Senate. I have learned that over in the House they have a different rule, where they have open committee hearings, except when a majority closes them. And they have closed more meetings than we have since we provided the new rule on our side. So the sunshine rule is not always the best rule. But I see no reason why this new committee, this Budget Committee, which is going to deal with national priorities, which is going to decide important national policies, should not have its markup sessions and its hearings in the open.

Here we are deciding growth, policy, and programs in the national interest so that it would seem to me that in this case especially, we should say that here is where we will have openness, disclosure, full and outright exposure of Congress and of Congress's operations to the public, to the press, to television, and to anyone else. I think that here is where we should start. So that if we are going to deal with national priorities and goals, we should start with a budget committee that works in the open.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator. Let me reiterate that hearings in the Budget Committee would not be affected by this amendment. They will be open, under the Legislative Reorganization Act. We are only talking about markup sessions and voting sessions. If a majority of the Budget Committee wished to adopt a standing rule that all such meetings will be open, a majority can do it. If that committee also wishes to open up any session without such a standing rule, a majority of the committee can do that.

Mr. STENNIS. Mr. President, will the Senator from West Virginia yield for a question.

Mr. ROBERT C. BYRD. I yield.

Mr. STENNIS. As a question of fact, as I understand the present rule, and which the Senator has just explained, it is optional with the committee as to whether a session will be closed or open and the proposed amendment would make it mandatory that markup sessions would be open; is that not correct?

Mr. ROBERT C. BYRD. The proposed amendment would do this: It would remove the budget committee—which will be a standing committee—from the operations of paragraph 7(b) or rule XXV, which governs all 17 other standing committees in this respect. It would require all mark up and voting sessions of that one committee to be open unless closed

by a majority vote of the budget committee.

Under the standing rule governing all other standing committees, if a committee desires to adopt a permanent rule within the committee requiring open markup and voting sessions, every committee has that right. Otherwise, all meetings of every standing committee are open with the exception of a meeting for markups or a meeting for voting, which such meetings a majority of the committee may at any time vote to open.

In other words, the standing Senate rule puts the burden on the majority of each committee to open mark-up and voting sessions. The Senator from Florida would put the burden on the majority of the Budget Committee to close such meetings. Not only would the Senator from Florida do that but his amendment as joined in by the Senator from Delaware (Mr. ROTH), discriminates against the Budget Committee—a standing committee—and says that that committee, unlike all the other standing committees, cannot live by the rule governing other standing committees in this respect.

Mr. STENNIS. I want to make one further comment.

Mr. ROBERT C. BYRD. Mr. President, I yield the floor.

Mr. STENNIS. Mr. President, I will take just a few minutes, if I may be recognized, to say that I am very much impressed with the strides forward that have been made here by the various committees and its staffs in a very, very difficult situation of trying to forge a forward looking pattern for legislation that will come nearer to meeting our problems than our present procedures do.

I believe that this committee is going to have a hard go. It will have a tough assignment. It will continue to be that way until it is well established and will grow in importance and effectiveness. Certainly, in view of that, they should not be singled out to have a special rule apply to them with reference to the markup.

I am one of those who believe—say what you will, Mr. President—that the public is entitled to know. I think that what the public is interested in is getting the very best judgment it can from the Members of this body, whether divided into committees, subcommittees, or whatever it is. That is what the public is entitled to. That is, on second thought, the least they want at heart and, really, that is what they pay for when they pay their taxes—our best judgment, our seasoned consideration. Again, as I see it, in human nature, based on my experience here, to get a better product out of a Senator if he is free to sit there at that table and reason with his colleagues and exchange ideas, observations, and facts, and then, frankly, has to yield and meet conditions and go into compromises. If every element of all those considerations has got to be in public, we do not get the best we can out of it. I say that according to my observations, based on my experience, without any exceptions—and I rather think we are all very much alike in that regard.

I would certainly want to leave it where the committee would certainly have full control, without any discriminatory arrow pointing at them in any way. In fact, they will need seclusion more, I would think, than many of our established committees. This would be, in a way, like a conference committee, because members will have to confer and reach some kind of agreement from many different standpoints.

Thus, I would hope that we would leave it alone. Just leave it alone and let the committees work it out and see how it works. I am willing to leave it entirely with the way the committees have handled it.

Mr. President, I yield the floor.

Mr. MUSKIE. Mr. President, it should be clear in the record of this debate that the amendment proposed by the distinguished Senator from Florida was included in the budget reform bill reported by the Government Operations Committee. They did so in part for the reasons which have been stated by the distinguished Senator from Illinois (Mr. PERCY).

The distinguished Senator from West Virginia (Mr. ROBERT C. BYRD) makes a persuasive case which includes, I gather, the principal point that the effect of the amendment would be to discriminate against one committee.

Why, then, did the Government Operations Committee undertake to include this requirement in the bill?

Speaking only for myself, because the committee has not taken a position on the amendment on the floor this afternoon, I think we did so first because, the Government Operations Committee has had exceptionally fine experience with open, markup sessions. I do not think we have had a closed session in the past year.

This rule has applied to our consideration of such legislative matters as the budget reform bill, executive privilege legislation, impoundment legislation, and so forth.

It was of interest to me that, at the same time the Watergate Committee was taking testimony on the consequences which have flowed from our failure to deal with these problems, executive markup sessions on constructive legislation to correct fundamental policy got so little attention, even with the open markup sessions.

So, No. 1, because we have had excellent experience, we thought we would incorporate it in this charter for the new budget committee.

Second, this is a new committee. It is not an established committee with established rights and perquisites and feelings of autonomy. It is a new committee created to serve the Senate as a whole, and its counterpart on the House side to serve the House as a whole. This is not a standing committee in the usual sense. It is a committee whose responsibilities spread like an umbrella over all committees. Hopefully, it will be a very visible committee. Hopefully, its work will contribute to the public interest, and the beneficient consequences of that will be highly visible.

So we saw this committee as a way to symbolize the importance of opening up the legislative process, without necessarily violating whatever prerogatives other standing committees of the Senate may feel they have. It was the way to open it up.

Today, Mr. President, I read an editorial on the back page of U.S. News & World Report. It is entitled "Dropout's Lament." The editorial refers to the fact that there appear to be an unusually high number of congressional dropouts this year, Members who are not going to run again. The writer of the editorial was interested in getting the reasons why. He talked to one, a Republican whom he does not identify, a Republican who could win easily, who has won several terms, and whose successor, as yet unidentified, probably will continue to win the seat for the Republican Party.

He asked this Republican Member of Congress—he does not identify the House:

Then why quit?

This was the answer, in part:

A. Two things: the system and Washington.

By the system I mean Congress, the way it has to operate. It is frustrating.

I am serious about public life. There are things I want for this country—things that need to be done. I came to Congress determined to make it move. I know how my people feel. I'm the guy to see to it. That's what Congress is all about.

But what am I really? I'm a pebble on a beach. I'm nothing. It's the system. I can't do anything unless I'm chairman of an important committee—and I could wait forever for that. Seniority. I've held my job 14 years and I'm a member of the minority. You can guess how long I'd have to be around to be a committee chairman.

Congress is run by a few veterans. The rest of us are just numbers. Oh, we can make a lot of noise, but who will hear us?

* * * * *

Q. What about Washington?

A. What is "Washington"? To most of my people it is some place out there that raises taxes and sets the speed limit on interstate highways. It is a world series every four years when we pick a President. The rest of the time it is blah?

You take the ordinary voter. Can he tell you the name of his Congressman, or how he stands on the minimum wage?

I am genuinely interested in people, in seeing to it that they are well served. I'd be more effective as a member of the city council in my hometown. When you talk about "of the people, by the people and for the people ," that's where government is—right there where they live and work. To those people Washington—and everybody in it—is a big, overbearing, impersonal nothing.

That is one man's view. It is not mine, entirely. But it makes a point.

If we want to be relevant to the lives of our people—and believe me, they do not think we are at the moment—then we have to be seen by them; we have to be heard by them. They have to see the way in which we make policy. They have a right to see what results we achieve and where we stand, at those places where the decisions are made that count.

I have watched debate on the floor of the Senate during the years I have been here—now 16—and the attendance declines with every passing year. The debate becomes less relevant to the policy that ultimately emerges from Congress with every passing year. All of us here

know that increasingly the important decisions are made in the committee.

Look at this bill. This is an important fundamental reform, and it is going through here—with minor controversies and a few amendments. But, by and large, the Senate is taking the judgment of two committees—the Government Operations Committee and the Rules Committee. Excellent work was done in these committees.

Incidentally, I should like to pay tribute to the outstanding work done by the distinguished Senator from West Virginia on this bill in the Rules Committee.

The decisions are made there. With the exceptions of those few committees which have begun to open up the process, the decisions are made behind closed doors. People outside do not know what the divisions were, what arguments were raised, who voted either way. This happens over and over again. So the decision-making process is out of sight.

Is it any wonder that the people do not see that what we do has anything to do with the problems they face or the way they live or the prospects for the future?

I am simply giving my personal interpretation of why the Government Operations Committee included in the bill the amendment now before the Senate.

We saw this as a major new policy-making arm of Congress, which we hoped to use to make the point that these new policy decisions are going to be made, to the fullest extent possible, in public view.

The argument that the distinguished Senator from West Virginia makes is a perfectly reasonable and rational argument. I do not quarrel with him, until he gets to his conclusion; and at that point we part company, for the reasons that he has stated so well and which I have undertaken to state in my own behalf.

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

Mr. MUSKIE. I yield.

Mr. CHILES. The Senator was responsible in the Subcommittee on Government Operations for pulling out the Harris poll on the attitudes of people toward Government. I think it was an outstanding poll. In that poll, as I recall, 74 percent of the people felt that excessive secrecy was one of the causes of Watergate, and I believe it said the same with respect to the other problems we are now facing in Government. Does the Senator recall that?

Mr. MUSKIE. Yes. That was a very striking finding of this poll. I believe the percentage is about, as the Senator has stated; 74 percent said that excessive secrecy was in large part responsible for the failure of Government to serve their needs. The Senator is correct. I believe that most Members of the Senate have received copies of that survey, which is a very helpful analysis of the public attitude and really underscores the comments made by the unidentified Republican in this editorial.

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

Mr. MUSKIE. I yield.

Mr. COOK. First, I should like to associate myself closely with the remarks that the distinguished Senator has just made.

I sometimes wonder why we cannot stop to realize that we create the problems we have to face. The Senator from West Virginia said that he did not want somebody in a committee room looking over his shoulder.

Mr. ROBERT C. BYRD. No, the Senator from West Virginia did not say that.

Mr. COOK. I make reference to the fact that the Senator from West Virginia did not want people who were going to be in every committee room——

Mr. ROBERT C. BYRD. No; let the Senator from West Virginia state his position.

Mr. COOK. All right.

Mr. ROBERT C. BYRD. The Senator from West Virginia said that he trusted the Members of this body, and he did not believe that they had to have some self-appointed watchdog looking over their shoulder, to make sure that the American people get the kind of representation they have a right to expect elected representatives.

Mr. COOK. All right. Let me say that I am delighted to have that explanation. I understand the Senator from West Virginia.

One of the major reasons we have every pressure group in the United States, and we have more and more and more of them all the time, is purely and simply because we continue to operate behind closed doors. The reason we have all the groups that come by our offices day in and day out that are interested in this piece of legislation and that piece of legislation is that we have created the kind of atmosphere that this was their only way to make their point and try to get across what they really believe in, because they have said, "We cannot come in that room. We do not know what goes on, and we have to meet them in the hallways as we lean against the walls, as they go to committee hearings."

I do not think there is any question about the fact that we had quite a debate here on how we should have committee meetings open or closed. It worked in some committees, and I am delighted that it has. But I would say it has not functioned too well in the committees of which this Senator is a member. I say that in all honesty.

It does not take very much homework to look at the committees I serve on. As a matter of fact, the other day I witnessed with a degree of chagrin, when we were debating a very substantial piece of legislation, that out of the cold walked a young reporter, with whom I am familiar. The hearing was stopped. The chairman said, "Just a minute just a minute," and the young man left and we then pursued what we were doing. I do not think this is the way it should operate.

I am delighted with the comment made by the Senator from Maine that one of the reasons you look at some of these amendments and get some satisfaction out of them is that this was an amendment proposed by the Senator from Florida, who is in his first term, supported and cosponsored by the Senator from Delaware, who is in his first term in the Senate, and as a first termer I was delighted to cosponsor it. Maybe we should take a look at this and start to realize the significance of the debates and arguments because we are talking about the confidence of the American people.

I would say to the Senator from West Virginia, in all fairness, the American people, if they had their choice of televising a hearing where a major piece of legislation is marked up, where they could see exactly what was going to happen as the result of legislation, they would be far more interested in seeing that process, than to have cameras in the four corners of this room to see some of the debate on the floor of the Senate.

I say that in all fairness because they are concerned about the significance of the legislation that is written, the decisions made, and the language utilized; and that is not gone into on the floor, and we all know it. Would not they be amazed if they could watch television some day and have all the school children in P.S. 97 watch the U.S. Senate when we have a debate on who makes the best chili, whether it is Texas or Arizona.

Mr. MUSKIE. Or New Mexico.

Mr. COOK. Or New Mexico, with all due respect.

Let us face up to the issue that we do go behind closed doors and come up with major legislation of paramount significance in the United States.

I do not have the floor in my own right the Senator from Maine does—but I could not be more pleased with the remarks of the Senator from Maine because this is truly the issue. The issue is whether we, as a body, not worrying about the Presidency and its 28 percent, but whether we, as a body, can rise above 21 percent, and in doing so whether we can say to the American people, "Here is how it was done."

Mr. DOMENICI. Mr. President, will the Senator yield for a question?

Mr. COOK. I yield.

Mr. DOMENICI. As a freshman Senator, for my own reasons I probably could have been confused by that same reporter and rather candidly expressed frustrations. I have not made up my mind on this bill, but let me ask the Senator from Kentucky a few questions.

When the young reporter came into the closed meeting, I take it that the Senator from Kentucky was aware of the fact that under the existing rule he could have requested that the meeting be made open, and had he been joined by a majority, it would have been open. I do not argue that that is the best rule, but I wonder if the Senator would address himself to that.

Does the Senator think that even though that portion of the rule exists that it is not operative? Before the Senator answers, I would say that even at this point in time I have not found a meeting I personally wanted open, or where someone came to me and said that he wanted to be there, I never found one

where I requested that it be open that it was not opened.

I wonder if the Senator does not think that will work or if there is something inhibitive about the committee or seniority that does not let it work.

Mr. COOK. I thought about that at the time, and I thought it unfortunate we did not discuss the situation there. Members might have left and we would have accomplished nothing because I knew the significance of what would occur. I am at least that familiar with that committee and its attitude in that respect. Second, when the Senator talks about how it works in the seniority system, I never will forget the first year I was here. There was a particular bill our office was vitally interested in and our legislative staff worked until almost 3 o'clock in the morning to prepare amendments. The next day I went to the committee and I had five amendments in my hand. I proceeded to say I had these five amendments to bring up. The acting chairman said, "Let's get the bill out of here and on the calendar." I said, "I have these five amendments we have been working on half the night. I would like to take them up." He said. "Go ahead and take them up. I have all the proxies for everyone who is not here. We will vote them down and get on our way."

With respect to the Senator's reference as to why I did not attempt to enforce the rule, maybe I should admit guilt. Maybe I should have then urged on the spot on that occasion that that be done. Maybe I would be better off if I had done so. I think I have a very good idea what would have occurred. But I am not going to argue the semantics of that particular point or whether this was the opportunity that could have presented itself.

I am just saying that major pieces of legislation that are subject to being marked up by the Senate can be marked up in public view, with those interested in attendance. It would not hurt that structure. It would not hurt the ability to mark up bills.

I admit to the Senator from West Virginia that we should not parrot what is done in the House. I wish to say to my Democratic colleague from Kentucky that when Representative CARL PERKINS can mark up the HEW Corporation bill on the House side in a public meeting of that committee and get it done, and he now has gotten it done for 2 years, that takes the greatest amount of ability to mark up that legislation which represents an appropriation bill as emotional as any that faces the Congress of the United States.

And he has been able to accomplish that in the committee. He has been able to do it, and to his credit as a Democrat, this Republican says he should be given credit for it.

Mr. DOMENICI. May I say to the Senator from Kenutcky I really did not ask the question of why he did not move that the meeting be open to put the Senator on the spot. I think I could summarize—tell me if I am correct—that he really does not believe that, in the overall functioning of the committees in which the Senator operates, that option on the part of the majority is really a very good mechanism for accomplishing what the amendment of the Senator from Florida would do. It really has some hangups in the Senator's opinon, as one who has been here for some 5 years. Is that correct?

Mr. COOK. The hangup comes in this way, and it is a very real one, may I say to the Senator from New Mexico. As the Senator remembers, when the resolution was adopted, it is quite true that it was adopted by a vote of 91 to 0, but just before that the amendment of the Senator from Florida had lost by only 8 or 9 or 10 votes. Perhaps that is why the resolution was agreed to so rapidly by a vote of 91 to 0, because there was a real movement at that time that this would not be a negative approach to hold these committees open or closed, but would be a positive one.

Mr. DOMENICI. The point I make for the Senator's observation and comment is that probably he is saying that we really are not going to get concrete examples on the floor of the Senate as to why that part of the rule is not working. Senators are not going to come before the Senate and say, "I have tried four times to get a markup session open and I failed." As a matter of fact, it is the Senator's observation it is not even being tried in many cases; they just remain closed. Is that the Senator's observation?

Mr. COOK. Yes.

Mr. DOMENICI. One last question: The Senator mentioned that pressure on Senators from special interest groups would be alleviated if we had markup sessions that are now closed opened, and if we changed the rule accordingly.

I have not, in my short 1 year and 2 months, had many witnesses who wanted to be heard or who wanted an opportunity to go to the markup. I have not heard from them in any numbers where they really wanted that and were denied it, but I understand also it is part of the concern of the Senator from Kentucky that there are people who, because they cannot go in, choose other ways to find out and have an influence on legislation. Is that one of the Senator's positions?

Mr. COOK. May I say I think there are some rather remarkable stories that can be told by Senators on the floor, where they have been to markups on major pieces of legislation. I can give the Senator one example myself. There was a major markup on a piece of legislation and I felt there was a very discriminatory matter in the bill, and I expressed myself. We had a dinner party at our home that evening, and I must have received 10 long-distance telephone calls from interested people in my State asking me why I had a hangup and why the bill did not get out of committee. Next day I found out that one of the majority staff members had let that information out. That is the way things get to Jack Anderson and other columnists here.

I am convinced that there are many reporters around here who make their living that way, rather like the bootlegger looking for the one on whom he can make his best shot. Many of our rather substantial reporters make a living from what goes on off the floor and behind closed doors, and would have it be that way rather than have it take place in open meetings, where they would lose the benefit of the squealers and individuals who give them this information.

We have a number of such people on the standing committees of the Senate of the United States, and I think the Senator from New Mexico knows of it—it is not hard to find out what went on in the markups. It all depends on whom one can call and discuss things with. One finds out all of a sudden that he has a horrible reputation.

As a matter of fact, there is a Senator on the other side of the aisle who woke up one day and read the headlines in newspapers in his State as to what he had said in the committee, and he found out it came from a staff member who was disappointed in the position he had taken on a piece of legislation and decided this was the way he would get even with the Senator and get him in line.

May I say to the Senator, I would rather have everybody there when we markup a bill, so everybody's position will be known and no one may misinterpret what he said. I would rather they get it there than get it second hand or third hand.

I thank the Senator.

Mr. DOMENICI. I thank the Senator.

Mr. COOK. I thank the Senator from Maine for yielding, and wish to say I think the sooner we start in this direction, the better. May I say that sometimes we have to start with one committee before we can move to another. Sometimes we start in one place, and as a result of having started with that, we move on and realize the wisdom of what we have done on a small scale, so we can go on to a larger scale.

Mr. MUSKIE. I thank the Senator.

Mr. President, I ask unanimous consent that a communication from Jack T. Conway, president of Common Cause, be printed in the RECORD at this point.

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

COMMON CAUSE,
Washington, D.C., March 7, 1974.

DEAR SENATOR: The Congressional Budgetary Procedures Act of 1973, S. 1541, as reported by the Senate Government Operations Committee contained an anti-secrecy provision for the newly proposed Budget Committee. This provision was successfully sponsored in the Committee by Senators Percy and Muskie. The Senate Rules Committee, however, deleted the section in its consideration of the legislation. When the Budget bill comes to the floor next week, Senator Chiles will move to restore this vital anti-secrecy provision. We urge your support for this amendment. With its inclusion, we believe the budget bill represents an important step forward in improving the Congressional budgetary powers.

The proposals end secrecy in Congress' consideration of the budget. It would require the new Budget Committee to hold all of its meetings in public, limiting closed meetings to reasons of national security, personal privacy and other legitimate matters. This is a reasonable and workable proposal.

The budget bill contains a second key provision sponsored by Senator Percy which would grant citizen access to general budget information obtained for Congress by the new Congressional Office of the Budget. This provision would provide citizens with the op-

portunity to obtain important information without imposing any unreasonable burdens on the Congress. We urge your opposition to any efforts to delete or weaken this provision.

On March 6, 1973, you voted for the open-committee markup proposal that would have established a presumption for all Senate committee meetings to be held in public. There is now a history of open meetings in the Congress: three Senate Committees, Government Operations, Interior and Banking have adopted open meetings rules; under Senator Jackson's and Senator Metcalf's leadership, open conference committee meetings were held on the Emergency Energy Bill; and the House now conducts the overwhelming majority of its business in open markups. Openness works!

If Congress is to win public support for tax measures and public expenditure programs, it must be prepared to provide citizens with clear, understandable information through a budget process that is open to public view and participation.

Sincerely yours,

JACK T. CONWAY,
President.

Mr. ROBERT C. BYRD. Mr. President, I shall take only a very few minutes. The distinguished Senator from Maine (Mr. MUSKIE) referred to an article that has appeared in U.S. News & World Report. It might more properly have been entitled "A Retiree's Lament." It happened to be a Republican, but it could very well have been a Democrat. In any event, it was an unidentified retiree from Congress who was voicing his lament concerning the "system."

I dare say there could be many stories written based on statements by retirees from Congress who would not echo the criticism that was embodied in this particular article. And yet one retiree's lament goes out to 2½ million readers, or whatever the number may have been.

This is one reason why Congress has a 21-percent rating today. So Members of Congress are running down the institution of which they are a part. This retiree was a sorehead—a man of little faith.

One of the American poets has said, "Learn to labor and to wait." This retiree did not learn to labor and to wait. Milton said:

They also serve who only stand and wait.

One does not have to be the chairman of a committee, one does not have to be the ranking member of a committee, one does not have to serve in the leadership to make his impact upon the history of this country and to leave his influence and his "footprints on the sands of time." This man, referred to in the article, had lost his guts and his enthusiasm. He did not have the determination and the willpower and the patience to labor and to wait.

Mr. ERVIN. Mr. President, will the Senator pardon an interruption?

Mr. ROBERT C. BYRD. If I may just continue, and so he was disappointed because he did not have his hands on the ball and he decided to grumble and to go home. He was a quitter.

I believe in the system. I have worked in the legislative system for 28 years. And if I were never to become a committee chairman, if I had never been elected to a position of leadership, I would still believe in and uphold and defend the system.

I say we ought to quit running down this institution. Those of us who want to retire, let us retire and get out. If we cannot swim here, let us get out. But every Member who comes to this body and the other body can make a contribution. Whether he ever becomes the chairman of a committee, he can make a great contribution. If he will work and sweat, he can serve. What greater privilege is there than to serve? That is what we ask to do when we ask the people to send us here. What greater privilege is there than to work for the people of the United States?

It has been said in the debate that the "reason why we have pressure groups is that we operate behind closed doors." Yet, the Senate of the United States operated behind closed doors for 5 years at the beginning of its history.

When the constitutional framers—that illustrious gathering of our forebears sat down in Philadelphia in 1787, the first thing they did was to close the doors of the Constitutional Convention. It did not cause pressure groups and lobbyists to spring up everywhere.

I am for open hearings. But times do come when closed meetings of committees are necessary. To say that only a majority can close a meeting puts the onus on a single member to stand up and say, "We should have closed hearings." That member will be subjected to criticism for moving that a meeting be closed.

I want this system. We run down the system. No wonder only 21 percent think the system is working. The rest are running us down instead of working in the system. This system has worked very well for 185 years, operating under the rules, 19 of which were originally adopted. We have opened up sessions of the Senate. Senate Resolution 69 opened up the sessions, making it possible for committees to open up their sessions.

All I am asking the Senate to do today is to stick with the rules—not to single out one committee and say that the rules shall not apply to that committee; not to deprive a majority of the members of that one committee, once they have been appointed, from determining what rules the majority of them wish to follow. If the majority of that committee wish to have open markup and voting sessions, let them provide that the session shall be open. Well and good. I have no complaint about that. A majority of that committee, under paragraph 7(b) of standing rule XXV can make that determination.

Let us leave it to the majority of the Budget Committee to make that determination. Let us not chip away a little here and a little there and discriminate against that committee before it is even created.

What I have said about the committee is not in criticism of any Senator. It is not directed to what the Senator from Maine said about the editorial. The editorial is there for all to see. But we are living in a time when Congress and all institutions have suffered. One reason why Congress has suffered is that so many Members of Congress leave Congress and then run Congress down when they leave. They run the institution down. I think it is about time some of us stood up for the institution, for Congress, and for the system.

Mr. CHILES. Mr. President, I think we have had a good debate on the amendment. And no Senator is better in debating a point than the distinguished junior Senator from West Virginia. I think he has made some very good points.

We had a sunshine law proposed in Florida. It took about 6 or 8 years before it passed. I have heard every one of these arguments time and time again. And I for one felt, in Florida, that if we could only operate freely in committees for once, if they were open, then people would understand that government can still work. At first, when I was a Florida State legislator, I felt, as the distinguished Senator from Mississippi (Mr. STENNIS) feels whom I respect very much. And I think some people in the Government Operations Committee believed at first what he believes so sincerely. Because when we made a motion to open up that committee, the same argument was made. But we tried opening up meetings and now I do not think anyone would want to go back to the closed sessions. I only wish we could try open sessions with the Committee on the Budget.

I believe in the system, too. I believe in a governmental system that is based upon the principle of democracy—a democracy properly informed. That is the kind of democracy I believe is going to make the right decision. That is the right rationale on which government should work.

Once there was a theory that only the aristocracy could rule; that they were the only people who could make the right decisions. There have been, throughout history, governments ruled by divine rule, by unenlightened rulers, by despotic rulers, but our system set up nearly 200 years ago was unique. It called for rule of the people and of the people's duly elected representatives. But our democracy rests on two requirements. They are, first, the majority of the people; and second, a properly informed citizenry. I think that what we are talking about here is that through this amendment we are going to give the people an opportunity to be informed about major decisions—about budgetary priorities. I believe and trust in the rationale of our system through which we believe a majority of the people, if they are properly informed, will make the right decisions.

I know that the Senate has been operating for over 185 years. I think that in most ways we are operating in the very same way we did 185 years ago. I think we have to do something if we want to be a coequal branch of Government, if we want to carry out our responsibility under a system of checks and balances if we want to reassert our constitutional power. But I think we have to come up to the 20th century in the procedures we have.

No Senator can say that he loves the Senate more than any other Senator. But we all listen to our own drum, our own instinct that tells us what is right.

I know I listen to my own drum. And I believe if we are going to do something about our system, we must do it right. If we are going to reform the congressional budgetary procedure we must do it right. We say we wonder why only 20 percent of the people have confidence in us. I feel if we are going to trust our fellow Senators—and I certainly do—we have to cut off the closed committee meetings and do the right thing and open them up. If we trust our fellow Senators, why in the world do we not trust the people? We trust one another, but somehow we do not seem to trust the people, the people we were all sent here to represent.

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

Mr. CHILES. I yield.

Mr. CURTIS. I believe there is a point in addition to and separate and apart from the question whether hearings should be open. If the pending amendment prevails, it will be in the statute and thus we will be surrendering to the House of Representatives and the Executive the power of the Senate.

Mr. CHILES. I disagree with the Senator, because Congress could not surrender by statute the power the Constitution gives us, and the Constitution provides that each House shall have the authority to make its own rules.

Mr. CURTIS. My suggestion is this: That this proposal now pending should be debated as to whether or not it should be incorporated in the Senate rules. If we incorporate it in the statute, it can never be changed without the consent of the House of Representatives and the approval of the Executive. For that reason, regardless of the merits, the proposal should be handled by an amendment to the rules, I believe, and not be placed in the statute. You cannot change it without the consent of the House of Representatives and the President.

Mr. CHILES. Well, I respectfully disagree again. I think the Constitution would give us the authority, if we wanted to change it, to change it again by Senate rules.

Mr. President, I think the record is clear. I yield the floor.

Mr. ROTH. Mr. President, it is my understanding that it is already in the legislation that nothing will prevent the Senate from changing its rules, so we do not have to rely on constitutional protection, but on the specific legislation now sought to be enacted, or the Senate rules.

Mr. MOSS. Mr. President, I support the Chiles amendments.

As I testified in a statement to the Rules Committee on S. 1541, in January, there was much that concerned me about the bill's prospects for bringing meaningful and workable budget reform to the Congress.

But one thing I did say needed more attention if we were going to have substantial reform, and not just a charade, was better budget information to cut through the hodgepodge of agencies, activities, organizations and programs that drive each and every one of us crazy each time we try to make some rhyme or reason out of the Federal budget each year.

The amendments we have before us would accomplish just that and signify still more. They represent one of the most forward-looking steps we can take for ourselves in the course of our Senate duties and for the people back home: and that is to start to put the Federal budget and the key decisions that control our spending in a clear, comprehensive and comprehensible framework of national needs, functions, programs, and program steps.

I would vote for and support any measure that offered even the possibility of making this Government run on a set of information and decisions that could be directly within the grasp of individual Members and individual citizens, a structure to enable all participants to voice important judgments on national policies, priorities, and programs not just judgments on a barrage of thousands of programmatic pieces that the executive branch uses to drain our energy and dissipate our attention, whether intentionally or not. This Government simply has to become more responsive to the people. It is high time we let the people know and understand just what we are doing and we get back to a representative form of government rather than one of executive rule.

But as the distinguished Senator from Florida has explained, these amendments offer a lot more than just a possibility to work such an improvement. They will, in my judgment, bring us and the public direct benefits in understanding and controlling the budget simply because they are so well grounded, so well supported, and the product of so much hard thinking by so many knowledgeable sources over the last 3 years.

I urge my colleagues to join with me in support of these much needed measures.

The PRESIDING OFFICER (Mr. NUNN). The question is on agreeing to the amendment (No. 1017) of the Senator from Florida (Mr. CHILES). On this question, the yeas and nays have been ordered, and the Clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Idaho (Mr. CHURCH), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Hawaii (Mr. INOUYE), the Senator from Louisiana (Mr. LONG), the Senator from Montana (Mr. MANSFIELD), the Senator from Wyoming (Mr. MCGEE), the Senator from Texas (Mr. BENTSEN), the Senator from Delaware (Mr. BIDEN), the Senator from Rhode Island (Mr. PASTORE), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that if present and voting, the Senator from Rhode Island (Mr. PASTORE) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Oregon (Mr. HATFIELD) and the Senator from North Dakota (Mr. YOUNG) are absent on official business.

I also announce that the Senator from Colorado (Mr. DOMINICK), the Senator from Arizona (Mr. GOLDWATER), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. MCCLURE), the Senator from Oregon (Mr. PACKWOOD), and the Senator from South Carolina (Mr. THURMOND) are necessarily absent.

I further announce that the Senator from Vermont (Mr. AIKEN) is absent due to illness in the family.

On this vote, the Senator from South Carolina (Mr. THURMOND) is paired with the Senator from Oregon (Mr. HATFIELD).

If present and voting, the Senator from Oregon would vote "yea" and the Senator from South Carolina would vote "nay."

The result was announced—yeas 55, nays 26, as follows:

[No. 78 Leg.]

YEAS—55

Abourezk	Gurney	Moss
Allen	Hart	Muskie
Baker	Hartke	Nelson
Bartlett	Haskell	Nunn
Bayh	Hathaway	Pell
Beall	Hollings	Percy
Bellmon	Huddleston	Proxmire
Brock	Hughes	Ribicoff
Brooke	Humphrey	Roth
Burdick	Jackson	Schweiker
Case	Johnston	Stafford
Chiles	Magnuson	Stevenson
Clark	Mathias	Symington
Cook	McGovern	Taft
Cranston	McIntyre	Tunney
Dole	Metcalf	Weicker
Domenici	Metzenbaum	Williams
Eagleton	Mondale	
Ervin	Montoya	

NAYS—26

Bennett	Fannin	Scott, Hugh
Bible	Fong	Scott,
Buckley	Gravel	William L.
Byrd,	Griffin	Sparkman
Harry F., Jr.	Hansen	Stennis
Byrd, Robert C.	Helms	Stevens
Cannon	Hruska	Talmadge
Cotton	McClellan	Tower
Curtis	Pearson	
Eastland	Randolph	

NOT VOTING—19

Aiken	Hatfield	McGee
Bentsen	Inouye	Packwood
Biden	Javits	Pastore
Church	Kennedy	Thurmond
Dominick	Long	Young
Fulbright	Mansfield	
Goldwater	McClure	

So Mr. CHILES' amendment (No. 1017) was agreed to.

Mr. MUSKIE. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. ROTH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, let me congratulate the present occupant of the chair, the distinguished Senator from Florida (Mr. CHILES). He just won a great victory.

Mr. President, for the information of the Senate, there will be no more rollcall votes today.

The Senate will come in at 10:30 a.m. tomorrow morning. Immediately after the two leaders or their designees have been recognized under the standing order, the Senate will resume the consideration of the unfinished business. Amendments will be in order. Yea-and-nay votes will occur.

Mr. HRUSKA. Mr. President, S. 1541 marks nearly 2 years of concerted congressional effort to devise more effective ways of exercising our constitutional duties to levy taxes and appropriate funds.

It was my privilege in company with 15 other Members of the Senate to serve

on the Joint Study Committee on Budget Control, which filed its report and recommendations on April 18, 1973. I was also privileged to cosponsor S. 1641, the budget reform bill introduced the same day by the distinguished chairman of the Appropriations Committee.

Since that time, I have followed with close interest the labors of the Committee on Government Operations and the Committee on Rules and Administration to fashion reform proposals which could command the support of a majority of Senators and establish a sound basis for compromise with the House. I congratulate the distinguished chairmen and members of the two committees for their handiwork. It is no mean feat to labor in the long shadow of the Constitution and nearly 186 years of congressional practice and precedent and forge proposals as cogent as those presented in the pending bill and the reports of the two committees.

I do not subscribe, Mr. President, to all of the recommendations and will state my major reservations. On the other hand, barring unforeseen changes in the amending process, I intend to vote for the bill on final passage. The House has passed its bill and good ground as well as momentum for reform are strong. I have concluded, speaking as a ranking member of the Appropriations and Judiciary Committees, that this 93d Congress must accept responsibility for establishing the framework for budget reform and leave to future Congresses the tasks of refinement for which I anticipate clear needs. The bill before us is a good start toward building the framework, and in that vein I support it.

Mr. President, I note that 38 Senators contributed directly to committee work on the reform proposals. Fifteen served exclusively on the Joint Study Committee on Budget Control; 14 served exclusively on the Committee on Government Operations and nine on the Committee on Rules and Administration. The distinguished chairman of the Appropriations Committee served on both the Joint Study Committee and the Committee on Government Operations. The distinguished junior Senator from Alabama served on both the Government Operations and Rules Committees. In addition, many other Senators have contributed actively through participation in hearings or by proposing amendments.

In short, this bill bears witness to a great cooperative effort in the Congress. It belies the claims of the prophets of doom that Congress is unwilling to reform or, if disposed to reform, incapable of rising to the task.

My major reservations with the pending bill concern significant deviations from the specific recommendations, if not the spirit, of the Report of the Joint Study Committee on Budget Control:

First. The provisions recommended to impose and maintain spending ceilings are not sufficiently strong.

Second. The proposal to leave to party caucuses the assignment of members to the Senate Budget Committee may weaken the responsiveness desired from the Appropriations and Finance Committees.

Third. Creation of the Congressional Office of Budget is premature.

Fourth. The issue of impoundment should be reserved for separate legislation or, more preferably, resolved tacitly by successful congressional budget reform.

I shall elaborate later, Mr. President, on each of these reservations. They reflect my years of experience on the Appropriations and Judiciary Committees and a strong disposition toward conservative reform.

My fundamental concern with the pending bill is that it proposes too much too soon in the way of structures and procedures. It does not give sufficient weight to the collective wisdom of this body which, more often than not, arrives at acceptable compromises with relatively limited structures and procedures.

I regret that the proponents of this bill were not content with just laying the foundations upon which future Congresses could fashion more or less elaborate structures in response to clearly perceived needs growing out of actual experience. They have sought instead to anticipate all foreseeable contingencies in the budget process. Experience should make clear to us that in its temper and style of handling the budget, Congress functions as much as a government of men as a government of laws. Structures which may appear wise and durable to this Congress may not serve well the legitimate preferences of our successors several years hence.

Mr. President, I find an underlying implication in the bill and committee reports that structures and procedures—matters of form—will serve as miraculous solvents for the extremely sticky issues of substance which are the main concerns of Congress. Improved staffing for the budget process, and better coordination among the authorizing, taxation, and appropriations functions certainly will improve somewhat our understanding of basic national policy choices and the costs and consequences of major alternatives. Reforms of this sort provide no magic solutions, however, to the issues of defense versus welfare, income support versus social service programs, subsidized housing versus housing allowances and so on. Many of our problems in handling the budget spring from the near impossibility of resolving easily issues of this sort. Our wisdom in making policy decisions grows slowly with each Congress.

Public sentiment, technological change and unexpected economic shifts tend to sunder the most rational analyses and alternatives when the time comes to face up to basic policy and spending choices necessary to guide the Republic for another year or two.

I fear very much, Mr. President, that we may be heading into situations in which exaggerated disputes over congressional budgetary procedure and jurisdiction could distract us from the often intractable realities beyond this Chamber. Those realities are the real meat of policy and spending deliberations. Our difficulties in keeping a firm grip on the substance of the Nation's concerns could be compounded by undue agonizing over the technical validity of voluminous studies and the data supporting them. Few of us are qualified by training or experience to discriminate wisely in such technical matters.

Unfortunately, it appears that many Senators believe that the road to reform lies in procedural, structural and analytical competition with the executive branch on budgetary matters. It is my conviction that our main strength lies in quite different directions. It lies first in our representative character—our sensitivity to what the public will support State by State and congressional district by congressional district. This sensitivity is notably lacking in the executive bureaucracy. Second, it lies in our ability to make collectively legitimate national policy decisions in relatively short order considering the geographical vastness of the Republic, the diversity of the American people, the intricacies of the Federal system and our Nation's major role in world affairs. The Chief Executive, acting alone, can decide quickly. But in those instances where he moves toward decisions in concert with Federal agencies, the pace can be glacial.

It is very much in fashion, Mr. President, to chide the Congress for ineffectiveness and to attribute to the executive branch great qualities of efficiency and precision. The truth of the matter, and I speak without partisanship, is that for too many years Congress has tended to accept wholesale attractively wrapped executive recommendations which hindsight showed to have rested on shaky analyses and egregiously wrong assumptions. Our failures have resulted more, perhaps, from our too ready acceptance of executive recommendations and too little reliance on our own judgment and public opinion. The path of wisdom would seem to lie on one hand in more careful attention to executive needs for improved data and planning capabilities. What is offered by the executive should be as competent as the sciences and arts of analysis and planning will permit. On the other hand, Congress should not, given the relatively limited number of Members and the unique constitutional responsibilities of each, so ensnare itself in structures, procedures and staff recommendations that it loses its bearings through fruitless competition with the executive and decreasing sensitivity to public sentiment.

May I return now Mr. President, to the four major reservations with the pending bill which I outlined previously.

SPENDING CEILINGS

The Joint Study Committee on Budget Control recommended mandatory ceilings for the first concurrent resolution. In the pending bill, the first concurrent resolution is more or less advisory in character. There would be strong incentives to exaggerate estimates of new budget authority, outlays, and appropriations as hedges against the unavoidable confronting of fiscal reality at the time of the second concurrent resolution and in the subsequent reconciliation bill. Experience strongly suggests that there is no substitute for early and firm action on spending ceilings. For 2 years the distinguished chairmen on the Senate and

House Appropriations Committees have set subcommittee ceilings on their own initiative. Because these ceilings have lacked the early expressed sanction of the House and Senate, the committees have been highly vulnerable to the pressures for increased spending that come into play during markup and floor action. I recognize that there is strong sentiment in the Senate for the rather relaxed ceiling provisions in the pending bill. It seems inevitable to me, however, that in a few years Congress will have to strengthen considerably the force and effect of the first concurrent resolution.

SENATE BUDGET COMMITTEE MEMBERSHIP

The Joint Study Committee on Budget Control made specific recommendations on the sources of Budget Committee members. One-third would come from the Appropriations Committee, one-third from the Finance Committee, and one-third from the other standing committees. This formula was not devised, as some have alleged, to buttress the seniority system, to assure conservative dominance, or to preserve the power of the Appropriations and Finance Committees. The real aim was to provide for close communication and clear accountability among the Budget Committee and the two standing committees which bear major responsibilities for dealing with the consequences of Budget Committee decisions. The party caucuses may in their wisdom appoint Budget Committee members in roughly the proportions proposed by the Joint Study Committee. I would consider such a result fortunate because it would recognize the importance of both experience and the disciplines fostered by direct participation in the revenue and appropriations processes. Such a result would not carry, unfortunately, the force of clear legislative recognition that the Appropriations and Finance Committees bore major responsibilities for the quality of Budget Committee performance.

I fear very much, Mr. President, that the *party caucuses* could under some circumstances appoint Budget Committees heavily weighted with representatives of authorizing committees. I am not unaware of the temptations to argue for generous authorization levels and to engage in mutual support compacts with members of other committees. The inevitable result, as we all know, is to leave the problems of adjusting dreams to reality on the doorsteps of the Appropriations and Finance Committees.

A specific concern with Budget Committee membership is the proposal to set a date certain for terminating the waiver on Category A Committee assignments. The fact is that we do not know what the workload of the Senate Budget Committee will be. It seems upwise to set at this time a requirement which would foreclose the future possibility of having Budget Committee members serve on either the Appropriations or Finance Committees and on one of the major authorizing committees as well. It would have been wiser, in my judgment, if the bill did not set a termination date for the Category A waiver. This is a matter which could be reviewed by any future Congress in the light of actual experience.

CONGRESSIONAL OFFICE OF BUDGET

My earlier expressed reservations about procedures and structures apply particularly to this proposal. The Joint Study Committee recommended a joint staff to serve the Senate and House Budget Committees. Such an arrangement would have the virtue of relatively few staff members, close coordination between the budget activities of the House and Senate, and most importantly, close day-to-day contact between members and staff to assure that we would in fact be consciously responsible for our decisions. I would not object if experience later suggests the merits of separate Senate and House staffs and even a Congressional Office of Budget. But at this time, I have some apprehension about the confusion which could result when two new and separate Budget Committee staffs plus a new Congressional Office of the Budget attempt to work with the staffs of the present standing committees, the General Accounting Office, the Congressional Research Service, the Office of Management and Budget, and the budget staffs of the other executive agencies.

IMPOUNDMENT

Mr. President, I regret that the House in its wisdom has included anti-impoundment provisions in its reform bill. The provisions in the bill before us are comparatively restrained. It would be regrettable enough, if the bill finally agreed to in conference proved unacceptable to the President. The entire reform effort represents a constructive and, in spite of my reservations, a generally effective congressional response to uncontrollable spending situations which, in my judgment, have sanctioned executive impoundment as a last resort measure. Furthermore, the Federal courts have taken cognizance of impoundment issues and have rendered judgments for or against selected impoundment actions. It is much too early, however, to discern a clear judicial pattern.

CONCLUSION

Mr. President, I congratulate again the two committees for their efforts. I have dwelt mainly on my reservations about the pending bill. This should not be construed as opposition to its broad thrust which is clearly in the direction of needed reform. We are making a good start. I trust that we will keep open minds and move promptly to make needed adjustments dictated by experience.

It would be well to support a fair and thorough trial of the procedures and structures which finally emerge from this significant and constructive venture in which I have been privileged to participate.

Mr. TAFT. Mr. President, it is a great pleasure to see before us for debate the Congressional Budget Act of 1974. I believe that this legislation conceivably could become the most significant bill to be debated and passed by the 93d Congress. It is, potentially, one of the most important bills to come before us in years.

The need for this legislation is obvious. No properly run business in the Nation considers each proposed expenditure piecemeal, independently of a careful assessment of total expenditure demands and revenues available. No properly run business with varying divisions and investment concerns fails to assess whether its investment in each concern relative to the rest reflects the priorities it deems most beneficial for its interests. Yet, Congress has continued to operate our Government, in which our taxpayers have far more money invested than in any corporation, in a manner which allows expenditures to be agreed upon without consideration of either their effect upon the total budget picture or their relationship to Congress sense of national priorities. Partly, although not totally for these reasons, by far the largest peacetime budget deficits have occurred recently, and the total Federal debt has increased by approximately $200 billion in the last 20 years.

The legislation before us would provide a structure for preventing these tendencies. For the first time, it would provide a regular congressional framework for openly debating national priorities, rather than only the merits of individual proposals. It would also provide a procedure for consideration of overall revenue and expenditure levels and to some extent, the relationship of individual proposals to these levels and the priorities agreed upon.

I welcome in particular the bill's new controls on "backdoor spending" such as contract authority, permanent appropriations bills and "mandatory entitlement" bills. During the past 5 fiscal years, Congress has cut the administration's appropriations requests by about $30 billion. However, during the same period, Congress approved in bills other than appropriation bills—or "backdoor spending"—amounts in excess of $30 billion more than the administration's budget estimates.

I would be remiss if I did not mention my doubts about the mechanics of this bill. The proposed timetable for considering the budget is strict and I am concerned about the early deadline for reporting all legislation containing authorizations, as well as the expectation that all revenue and controllable appropriation bills could be enacted in a 2-month period. The very short time periods between receipt by the Congressional Office on the Budget of Information from all authorizing committees; its report to Congress on the budget; reporting of a resolution proposing appropriate budget levels by the budget committees; and the deadline for standing committees to report authorizing legislation; also concern me greatly. I hope that these provisions and others which may need more work will be discussed fully during the floor debate.

Nevertheless, it is imperative that we address these problems and do our best to enact a workable bill. We are all aware that according to some polls, an all-time low of 21 percent of our citizens have confidence in the Congress. I believe there are few, if any, more constructive steps we could take to remedy that situation

than to pass a bill indicating that Congress is ready to reassert its constitutional responsibility to exert control over the Nation's purse strings, in a rational and effective manner.

The public relations benefits of this bill, however, are incidental. Most crucially, it is an attempt which must be made to take a major step in the direction of expending our country's money with the care and deliberation which that process deserves. For that reason, I trust we will press for its expeditious enactment.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Hackney, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

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.

The ACTING PRESIDENT pro tempore (Mr. METCALF) subsequently signed the enrolled bills.

APPOINTMENTS BY THE VICE PRESIDENT

The PRESIDING OFFICER (Mr. NUNN). The Chair, on behalf of the Vice President, in accordance with title 46, section 1126(c) of the United States Code, appoints the Senator from Louisiana (Mr. JOHNSTON) to the Board of Visitors to the U.S. Coast Guard Academy, and the Chair announces on behalf of the chairman of the Committee on Commerce (Mr. MAGNUSON) his appointments of the Senator from Rhode Island (Mr. PASTORE) and the Senator from Kentucky (Mr. COOK) as members of the same Board of Visitors.

The Chair, on behalf of the Vice President, in accordance with title 14, section 194(a) of the United States Code, appoints the Senator from Alaska (Mr. GRAVEL) to the Board of Visitors to the U.S. Merchant Marine Academy, and the Chair announces on behalf of the chairman of the Committee on Commerce (Mr. MAGNUSON) his appointments of the Senator from Louisiana (Mr. LONG) and the Senator from Maryland (Mr. BEALL) as members of the same Board of Visitors.

FAIR LABOR STANDARDS AMENDMENTS OF 1974

Mr. WILLIAMS. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 2747.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2747) to amend the Fair Labor Standards Act of 1938 to increase the minimum wage rate under that act, to expand the coverage of the act, and for other purposes, which was to strike out all after the enacting clause, and insert:

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 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 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 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 five 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 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 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 striking 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, 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:

"(l) 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 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 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) (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 nonmanufacturing 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 sugarcane into sugar (other than refined sugar) or sirup 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, 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 estab-

lishment 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 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 subsection (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 1(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 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 is 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 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. WILLIAMS. Mr. President, I move that the Senate disagree to the amendment of the House of Representatives to S. 2747 and agree to the request of the House for a conference on the disagreeing vote thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. BURDICK) appointed Mr. WILLIAMS, Mr. RANDOLPH, Mr. PELL, Mr. NELSON, Mr. EAGLETON, Mr. HUGHES, Mr. HATHAWAY, Mr. JAVITS, Mr. SCHWEIKER, Mr. TAFT, and Mr. STAFFORD conferees on the part of the Senate.

H.R. 5236—CONVEYANCE OF CERTAIN MINERAL INTERESTS IN THE STATE OF UTAH

Mr. MOSS. Mr. President, I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from further consideration of H.R. 5236 and that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered, and the bill will be stated by title.

The assistant legislative clerk read as follows:

H.R. 5236, to provide for the conveyance of certain mineral interests of the United States in property in Utah to the record owners of the surface of that property.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MOSS. Mr. President, H.R. 5236 was passed by the House of Representatives on March 4 and referred to the Interior and Insular Affairs Committee on March 5. On the same day, March 5, the Interior Committee reported an almost identical bill, S. 265, which I sponsored and which was subsequently passed by the Senate on March 7.

Mr. President, while the provisions of these two bills are not identical, they are very similar and in fact the provisions of the House-passed bill are in many respects an improvement on those passed by the Senate.

Mr. President, I therefore move that the Senate concur in the bill which was passed by the House, H.R. 5236.

Mr. GRIFFIN. Mr. President, reserving the right to object—and I shall not object—I want to indicate for the record that the distinguished ranking Member,

the Senator from Arizona (Mr. FANNIN) has been consulted with regard to this request and he approves of it. As I understand it, the motion just made by the Senator from Utah meets with the approval of this side of the aisle.

Mr. MOSS. Mr. President, I thank the Senator from Michigan. There is no objection from the Committee on Interior and Insular Affairs. It has been cleared by both sides of the committee and the ranking Republican member on the committee.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Utah.

The motion was agreed to.

CONGRESSIONAL BUDGET ACT OF 1974

The Senate resumed the consideration of the bill (S. 1541) to provide for the reform of congressional procedures with respect to the enactment of fiscal measures; to provide ceilings on Federal expenditures and the national debt; to create a Budget Committee in each House; to create a congressional office of the budget, and for other purposes.

Mr. McGOVERN. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk proceeded to read the amendment.

Mr. McGOVERN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendment will be printed in the RECORD.

The amendment is as follows:

On page 168, line 3, strike out the quotation marks and on page 168, between lines 3 and 4, insert the following: "(i) The President shall include in the Budget transmitted to the Congress pursuant to subsection (a), estimates for appropriations to be made during the fiscal year to which that Budget applies which are by law authorized to be obligated in the immediately succeeding fiscal year for grants, contracts, or other payments under any program for which such appropriations are or may hereafter be, authorized (including but not limited to appropriation estimates pursuant to section 412 of the General Education Provisions Act (20 USC 1223)). Within 30 days after enactment of this subsection, the President shall transmit to the Congress supplemental budget estimates for such appropriations to be obligated in the immediately succeeding fiscal year.

Mr. McGOVERN. Mr. President, this amendment is virtually identical to S. 3163, which I introduced last week on behalf of Senators BIDEN, BROCK, CASE, COOK, HANSEN, KENNEDY, and PASTORE, and has been modified only to integrate it with the provisions of the pending bill.

The basic thrust of the amendment is to include in the budget the President submits under the Budget and Accounting Act, as amended by this bill, estimates for the advanced funding of programs which are authorized by law to be appropriated 1 year in advance of the year they are to be obligated, as for example certain educational programs administered by the Commissioner of Education.

One of the principal problems school administrators face today is the delay in appropriating funds for education programs. Even if the administration were more cooperative, the actual appropriations would not be made until the late spring or early summer before the start of the new school year with notice of the individual school district entitlements some months later. For the school districts to plan the next school year properly and negotiate teacher contracts, they ought to know the amount of Federal funds they will receive the following year by early spring at the latest. So, even under the best of circumstances, the present fiscal year appropriations process does not meet school district administrative needs.

This means that the school administrator does not know what Federal funds to expect for the school year until 2 or 3 months after school has opened. Since an administrator cannot plan on dollars which may not come, this has meant less education for students and economic uncertainly for teachers.

The change in the start of the fiscal year proposed under S. 1541, from July 1 to November 1, while helpful in many other areas, would actually further delay notice of individual school district entitlements by as much as 4 months unless we provide for the advance funding of those programs.

In 1968, the last year of the Johnson administration, the Congress enacted a statute which if implemented would avoid this problem entirely.

This statute (20 U.S.C. 1223) authorizes appropriations for educational programs administered by the Commissioner of Education in "the fiscal year preceding the fiscal year for which they are available for obligation." In other words, this statute would move the appropriations process back 1 year so that appropriations for fiscal year 1976 would be passed in fiscal year 1975 even though they would not be available for obligation until the following year. If this procedure were followed, school officials would know the amount of funds they would receive 1 year earlier than is presently the case.

The statute also provides for a 2-year appropriation in the first year it is implemented in order to effectuate a transition to this method of appropriating educational funds.

Appropriating funds on this basis would have no effect on the size of the Federal budget, since the funds would show up as outlays only in the year they were to be expended and not in the year they are appropriated.

The amendment I am offering would implement this and other similar forward funding statutes which have been or may hereafter be enacted by including in the budget estimates of the funds necessary to be appropriated on that basis. This would not only facilitate the congressional budget process but also provide for the kind of notice school districts and other similarly situated entities need to plan their budgets rationally.

Mr. President, I know of no objection to the amendment. I have checked with the managers of the bill on both sides. I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. ROBERT C. BYRD. I ask the managers of the bill whether they agree to accept the amendment.

Mr. PERCY. From the standpoint of this side of the aisle, there is no objection at all. We have agreed to accept it.

Mr. MUSKIE. That is right. Speaking for this side of the aisle, we have agreed to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. McGOVERN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MUSKIE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. METCALF. Mr. President, just over a year ago, in introducing S. 1215, the Federal Fiscal and Budgetary Information Act, I pointed out—

First, that congressional ability to acquire and effectively use fiscal, budgetary, and program data and information—most of which must be obtained from the executive branch—was woefully inadequate;

Second, that establishment of a new congressional budget procedure—to identify and select more sensibly among competing program interests and priorities—would add information requirements which we were in no position to meet; and

Third, that the time had come for Congress to create a modern information handling facility of its own.

Mr. President, the record of hearings and committee deliberations on S. 1541, the Congressional Budget Act of 1974, certainly supports this proposition: Expansion of congressional capability to command sources of reliable information is a precondition of effective legislative budget control.

That is why the Government Operations Committee was convinced of the imperative need for a new Congressional Office of the Budget, with a staff similar in expertise to that of the President's Office of Management and Budget. I am delighted that the Senate Rules and Administration Committee, in its report on S. 1541, "strongly supports the need for this new staff office in the Congress."

Similarly, both committees recognized the need for improved congressional access to more reliable and useful information in the executive branch. That is why both committees included provisions of S. 1215, in revised form, which amend title II of the Legislative Reorganization Act, to insure that the Congressional Office of the Budget—among other congressional information users—can specify, obtain, and use the data and information it will require to perform its duties. And, again, I am delighted to add, both committees agreed—

First, that this authority—contained in title VIII of S. 1541—"properly exercised,

will vastly extend the information reach of the Congress;"

And, second, that the amendatory language of title VIII "will insure that the original intent of the Legislative Reorganization Act is fully realized."

Mr. President, to demonstrate the significance of title VIII, and its critically important relationship to the new procedure in the Congressional Budget Act of 1974, I must first describe what we attempted to accomplish and our experience under the provisions of the 1970 act which this title amends.

As many Senators will recall, in developing the Legislative Reorganization Act of that year, Congress foresaw the need for improvement of executive branch information systems, and for provision for consideration of congressional needs in their development and use. The legislative history of the requirements eventually incorporated as sections 201, 202, and 203, of the act, and their intent, have been described in some detail in House Report No. 92-1337, issued by the Joint Committee on Congressional Operations. I ask unanimous consent that the relevant portions of this report be printed at this point in the RECORD.

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

REQUIREMENTS OF THE 1970 ACT

For the first year after the effective date of title II, systems developers within the Office of Management and Budget persisted in a narrow conception of what would be required under the 1970 Legislative Reorganization Act.

Work already underway on information systems designed primarily for use in budget and program decision processes at the highest executive level was simply to be continued, and slowly. Only parttime technical staff and management support were made available for the title II project. Priorities for development of the all-important classifications were set without reference to congressional interests and information needs. An inventory of existing executive branch information systems and data sources was considered, then abandoned.

At the heart of title II are (1) congressional participation in the design of and the benefits from establishment of an improved Federal fiscal and budgetary information system; and (2) congressional access to such information, *when and as needed*, in the executive branch.

The legislative history makes these points clear: Congress needs "ready access to information that already exists and expert assistance in locating and analyzing that information." Moreover, the purpose of sections 201 and 202 is to "furnish congressional participation for the program already underway in the [then] Bureau of the Budget to classify information so that the same activity means the same thing in each agency and department." And the first step is the establishment of standard classifications "so that our studies produced will yield accurate and useful information."

The House Committee on Rules' report on the 1970 act discusses title II in some detail, emphasizing the requirement for congressional involvement in systems development and indicating that more than standardization is intended. Also required are classification structures and procedures that will produce data and information suited to the needs of *all* branches of the Government. Because of the project's potential for increasing congressional knowledge of governmental financial operations, the House Rules Committee pointed out that it is "vitally important to the legislative branch that those who evolve the system make adequate provision for congressional needs and applications." And, it was added—

To assure that result, sections 201 and 202 involve the Comptroller General, in effect as an agent of Congress, in the development, establishment, and maintenance of the system. And section 202 instructs the responsible officials to go about their tasks in a manner that will *meet the needs not only of the executive branch but of all of the branch of the Government.*

It is difficult to forecast when this system will become completely operative. In the meantime, and to provide a supplementary facility even after the system is completed, Congress *needs to know what program and fiscal data is already available in the executive branch.*

Throughout, in considering these provisions in 1967 and again in 1970, it was Congress' understanding that for some years the executive had been undertaking a program-planning-budgeting systems approach and associated efforts to improve the quality and availability of information needed for proper management of Federal programs and activities. "During the past half decade," the House Rules Committee report states, "the executive branch has been developing a system for collecting and analyzing budget data which promises to improve its ability to prepare and to evaluate the budget." It is hoped that this system, the report continued—

* * * will ultimately assist the executive branch in making more meaningful comparisons between the costs of Federal programs and their benefits. Moreover, it will permit the extraction of many other types of specialized information about the fiscal aspects of Federal activities.

Thus, what was intended in section 201–203 of title II—and what will be required in their implementation is—

First, that the effort to improve the acquisition, reporting, and analysis of fiscal, budgetary, and program-related data and information must be continued, with congressional participation;

Second, that the design and operating procedures of a standardized fiscal and budgetary information and data processing system must provide adequately for congressional needs and applications; and

Third, that the governmentwide standard classifications of programs, activities, receipts, and expenditures of Federal agencies must reflect and serve not only Executive requirements and purposes but those of the Congress as well.

And, before and after the standardized system is in operation, provision must be made for congressional access to—and full information about—fiscal budgetary, and program-related data and information available in the executive branch.

Mr. METCALF. Briefly stated, the intent of these sections of the 1970 act was to insure, first, congressional participation in the design of—and the benefits from—establishment of an improved Federal fiscal and budgetary information system; and second, for congressional access to such information, when and as needed, in the executive branch. Responsibility for developing and establishing the systems was assigned to the Office of Management and Budget and the Department of the Treasury, in cooperation with the Comptroller General, acting as agent of Congress.

The Joint Committee on Congressional Operations, of which I am chairman in this Congress, began monitoring implementation of sections 201, 202, and 203 in early 1971. The joint committee held hearings and, as I indicated a moment ago, issued a report on August 15, 1972, detailing gaps in executive reporting practices and capabilities that have serious consequences for congressional review of and control over Federal expenditures. I ask unanimous consent that portions of this report describing congressional information needs and excerpts from its findings and recommendations be printed at this point in the RECORD.

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

CONGRESSIONAL INFORMATION NEEDS

Preliminary results of a comprehensive requirements study, begun by GAO in mid-1971, indicate the wide range and diversity of fiscal, budgetary, and program-related information which Congress must acquire and process to monitor Federal financial operations. In summary, the Comptroller General's February 17, 1972, report points out that Congress needs to *easily* obtain information on—

Federal programs and projects: Basic financial information, such as on budget requests, authorizations, appropriations, obligations, and expenditures, related to a variety of classification structures based on definable congressional user patterns. Congressional user patterns identified in our survey include committee jurisdictions, responsible Federal organizations, broad objectives or subjects, rural and urban areas, and target groups.

Federal fiscal policies: Socioeconomic information and national estimates, such as gross national product, consumer income, and cost-of-living indices; Federal subsidy programs; tax expenditures; and foreign currency holdings.

Federal financial actions affecting States and political subdivisions: Information on revenues and outlays and domestic assistance programs related to States and their political subdivisions.

Executive agencies—the primary, if not sole source for such information—can and do meet some of the needs identified in these areas. But there are gaps in existing reporting capabilities and practices that have serious consequences for congressional review and control of Federal expenditures.

Of particular concern are the problems involved in dealing with multiple sources of basic financial information. At present such information is acquired within and reported by a maze of classification schemes and systems, established over the years to serve various purposes. Comparisons between information from these systems are at best difficult to make. At worst, they are misleading, because program terminology, accounting methods, and coding procedures differ from agency to agency—and even between bureaus within agencies. Moreover, existing executive reporting capabilities and practices leave much to be desired. Lengthy delays in responding to congressional inquiries; difficulties encountered in clarifying, from agency sources, costs associated with activities carried out at lower levels in the departmental hierarchy; identifying changes in program directions resulting from funding decisions within the executive; in linking fiscal and budgetary information to authorizing legislation; in determining where Federal funds are being expended, for whose benefit, and for what purpose—all were cited frequently during a survey of committees and Members conducted in conjunction with the GAO requirements study.

Patterns of information use vary widely from committee to committee, Member to Member, and policy question to policy ques-

tion. Federal accounting systems cannot be structured to meet all congressional needs without statistical manipulation. Special reports and analyses will have to be prepared, on demand, just as they are now. Nor is it feasible to accommodate all congressional requirements in a centralized information system or fully integrated, massive data file. Different types of users (e.g., authorizing, appropriations, revenue, oversight, investigatory committees) have different needs (in terms of frequency of use, currentness of information, etc.) and no single reporting format can satisfy these. But the basic information must be consistent—from standardized and compatible data sources.

The Joint Committee understands that the GAO survey is designed, in effect, to assist in sorting out one-time information needs from those which reoccur and can best be met systematically; to identify those which can be met periodically with printed documents and those which may require immediate response; and to determine the reporting formats best suited to the needs of the various types of congressional users. Thus, as the Comptroller General's report concluded,

* * * it is expected that the Congress will require a wide range of access and reporting capabilities, ranging from annual reporting to an ability to obtain date immediately through use of a computer terminal. The accounting systems of the Federal Government should provide the needed data. In addition, the Congress needs the ability (1) to obtain budgetary and fiscal information through easily identifiable sources, (2) to identify sources of additional pertinent information, and (3) to effectively access those sources and to analyze responses.

Since August 1971, when interviewing was started, a nine-member GAO technical staff has been assigned full time to the requirements study. In a statement submitted for the hearings record, the Comptroller General assured the Joint Committee that additional staff will be assigned as needed. "This is one of our highest priority projects," he stated, "and we plan to devote sufficient resources to do the job effectively." Thus far, initial interviews have been held with the staffs of all of the committees and with the offices of 68 Members of both Houses.

The Comptroller General's preliminary report was sent February 17 to all committees and Members for review and comment, but little change was anticipated in the general information categories it contains. "The comments we have received on that preliminary report," a GAO spokesman advised the Joint Committee on April 25, "indicate that it was basically complete and that only details remain to be worked out. We do not intend to save up further information until we have it all complete. We will transmit such information to OMB and Treasury as rapidly as we can obtain it from the committees and Members of the Congress."

What remains to be done is the definition, in much greater detail, of specific access and reporting requirements reflecting the differing needs of the various committees as well as Members of both Houses. Thus, the GAO staff will have to maintain "a continuous liaison" with the congressional users of budgetary and fiscal information. "Our objective in maintaining this liaison," the Comptroller General stated, "is to work with the congressional staffs to refine the general information needs described in our report to the level of detail necessary for executive branch implementation of the standard classifications and the data processing system." Other work scheduled by GAO in connection with its requirements study includes:

Resolving specific problems involving currently provided information of * * * committees and Members.

Obtaining congressional users' approval of report layouts or formats prior to the initiation of development work on the system that is to produce such reports.

Providing congressional users with an opportunity to use the developed system and examine its reporting capability prior to full system operations.

Developing and providing a comprehensive training program specifically geared to acqainting congressional staffs with the procedures and methods for accessing and retrieving information from the system. This should be supplemented with comprehensive user manuals documenting such procedures and methods.

Providing procedures for improving congressional reports, identifying new congressional information needs, and developing system changes to meet new congressional report requirements.

Detailed definition of congressional requirements is expected to be completed within the next 18 to 24 months.

JOINT COMMITTEE FINDINGS AND RECOMMENDATIONS

Testimony in the Joint Committee's hearings and preliminary results of the GAO survey indicate the scope of the title II project and provide a framework within which *effective* planning can proceed. In concert with the other agencies directly involved, the OMB must now prepare a firm schedule for work on the project's major elements and an estimate of the technical staff and management personnel needed for its timely and orderly completion. The approach must be sufficiently broad to incorporate congressional requirements as these are defined and made available by the GAO.

To avoid unnecessary costs and duplication of effort, the requisite access and reporting capabilities should be considered in the context of existing fiscal, budgetary, accounting, and management information systems and practices in the executive departments and agencies.

As Caspar W. Weinberger, then Deputy Director of OMB, pointed out during the hearings, congressional requirements should be met whenever possible through modification of information systems presently in operation. "We have the problem," he advised the Joint Committee, "that, because we have a lot of these systems already going, it's a little hard to start from scratch. In fact, it's just about impossible. We have to build, in a way, on what we have."

It is evident, therefore, that executive planning must include a thoroughgoing inventory and review of significant information systems operating not only within OMB and the Treasury Department but in the other Federal agencies as well. Such a review, in conjunction with GAO survey findings, will identify those systems and classification schemes that can be adapted, with minor adjustments or supplementary procedures, to improve the flow of information to Congress. It also will assist the systems developers in identifying any reporting procedures or practices that are either obsolete and no longer serving a useful purpose or are costly but of marginal utility.

It is equally apparent, however, that adequate provision for some of the congressional needs described in the Comptroller General's report will require development of new reporting capabilities or major alteration of systems and classification schemes presently in operation or being devised in the executive. Classification structures which must be considered in connection with basic financial information needed on Federal programs and projects are illustrative:

First, both necessity and common sense dictate the requirement for standard definitions and uniform accounting procedures. In his testimony, the Comptroller General described this as a "central" issue: "A terribly complicated problem has always been the definition of terms so that you can get some commonalty of meaning, so that programs which are supportive or even duplicative among different agencies can be identified and related. * * * To some extent any definition of this type for budgetary purposes has to be arbitrary. To some extent it has to be contingent on your judgment as to what constitutes a program. This will change from time to time depending upon changes in legislation and changes in needs and circumstances. * * * Until you can get agreement on the definitions, it is very difficult to move from that point."

Second, highly generalized program information which may be suitable for use in the Executive Office of the President is not necessarily sufficient for most congressional committees. We will require program and project classification structures to provide the kind of detail included in such documents as agency justifications, including breakdowns by object categories. This means that standardization and systems compatibility will have to extend deep into the agencies, in some instances, to the project manager and operating level. For example, we will need a uniform method of linking projects and funding status, the amount provided by Congress and the amount actually spent by the Executive. Congressional committees often review individual grants, loans, and contracts. The classification structure will have to permit us to easily acquire financial and program data about these, individually or in groups, from numerous operating organizations in the executive branch.

Third, Congress needs not only to be able to identify programs and projects with the executive organization responsible for their day-to-day management. For more intensive program review, as intended by the 1970 act, we have to compare performance with the objectives and criteria intended by the Congress in authorizing and appropriating funds. Thus, we must also link programs and projects to their legal base, classifying them by appropriations and by authorizations and committee jurisdictions.

Fourth, looking to the future, as research techniques for performance measurement and evaluation become more fully developed, we will need classifications for impact data, by target groups and by geographic areas. The target group concept must be carefully defined, and a wide range of geographic area definitions must be considered, including regions, urban and rural, States, congressional districts, and cities.

Because of the complexity of these structures, and because they are essential to support needed information capabilities pertaining to fiscal policy and financial actions affecting States, planning for development and application of the program and project classifications should take precedence initially. If priorities must be assigned for consideration of individual structures, these should reflect the level of difficulty involved in establishing the various classifications, not simply their function in Executive decision processes. On this basis, extra effort and resources should be devoted to the program, legal, and impact data classification structures.

Another aspect of the title II project which requires close and continuing attention is provision for making fiscal, budgetary, and program-related information available to Congress, when and as needed. What mechanisms and reporting procedures will ultimately have to be devised to assure congressional access can only be determined when the overall systems plan has been more fully developed. But systems developers in both branches should now be considering alternative methods. Meanwhile, as suggested by the following exchange in testimony during the hearings, Congress should direct the executive to inventory information sources presently available:

Chairman BROOKS. OMB working papers state that virtually none of the agencies have what they call composite inventories of data available in their present systems, which suggests that we are perhaps working in the dark. Is there any reason why such an inventory cannot be made now, and made available to the Congress?

Mr. STAATS. I think this is largely a question of staff. I don't believe that it's an infeasible operation. It hasn't been done. The act in a sense contemplates this when it refers to the requirement on the OMB to identify for Congress sources of information which may be available.

I think that this is a matter of importance.

I recall visiting with the chairman and ranking minority member of one of the important committees of Congress just recently, I might add, who jointly were making the point that they had no real index or repository even of annual reports being made by the agencies to the Congress and what were the principal things covered in those reports. The result was that annual reports that are presented to the committee were passed on either to the Library or to the round file simply because there was no adequate way of identifying the kind of information in those reports which they felt would be useful to that committee.

Accordingly, to facilitate congressional access as the necessary review of present executive reporting capabilities and practices, the OMB and Treasury Department—in cooperation with the Comptroller General—should be required to (1) develop, establish, and maintain an up-to-date inventory of sources of basic financial information on Federal, State and local governmental units; and (2) assist Congress in securing data from these sources and in analyzing such data. This inventory should include a synopsis of reports prepared in accordance with statutory requirements by each agency along with a listing of the agencies' major fiscal, budgetary, and program-related data files and a brief description of their content. As the agent of Congress, the Comptroller General should be directed to (1) review the inventory and related information services on a continuing basis to determine whether they are satisfying congressional needs and requirements; (2) recommend any changes in the inventory and services which may from time to time be necessary to improve their usefulness to Congress; and (3) provide, upon request, assistance to committees and Members of Congress in accessing the sources identified in the inventory and in appraising and analyzing information obtained from them.

Mr. METCALF. The joint committee found little evidence that the OMB—which assumed primary responsibility for implementation in the executive branch—intended to comply with the letter and spirit of the 1970 act. I ask unanimous consent that portions of the report describing the executive branch approach at this time be printed at this point in the RECORD.

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

IMPLEMENTATION IN THE EXECUTIVE BRANCH

Proper development of classification structures and procedures is a critically important first step in implementation of title II.

Standard *terminology* and *definitions* are necessary if information systems are to facilitate review of programs or activities which, while they have similar objectives, are operating in different agencies. Appropriate classification *structures* and *procedures* also must be devised and applied. And these will determine which kinds of data and information are acquired as well as how such information can be reported on demand from congressional and other users. If congressional committees are to be able to secure from *Federal information systems* tabulations of expenditures for all community development activities by geographical location or types of recipients, for example, then data must be identified (or classified) accordingly when they are originally prepared for storage within the system. The format and content of tabulations, the level of detail possible, the immediacy of the response to inquiries, the currentness and completeness of the data and information generated by information systems—all will be controlled by the classification standards and procedures eventually adopted and applied governmentwide.

Classification schemes and information systems presently in use have been established over the years in response to particular organizational needs—including those of the Congress—and to perform specific functions. Their design has both affected and been affected by changes in the budget process, most notably in the shift from appropriation budgeting toward program budgeting that began in 1949. Some of these classification and reporting requirements are fixed by statute or regulation. For example, the 1946 Legislative Reorganization Act authorizes and directs the Senate and House Committees on Appropriations, acting jointly, to develop a standard appropriation classification schedule "which will clearly define in concise and uniform accounts the subtotals of appropriations" requested by executive agencies. Further, this act requires that each agency's request be preceded by such a schedule in the printed hearings.

These classification schemes, reporting requirements, and capabilities for providing information are a part of the decision process. Each has its constituents, the users who, while they are perhaps not always satisfied with the product, at least are familiar with the existing system's operation. An abrupt or ill-considered change of any consequence would be highly disruptive to ongoing programs and governmental activities. Any major new reporting requirements or capabilities not clearly needed would lead to significant unnecessary costs.

This is why, as early as October 1971, the Joint Committee sought—unsuccessfully—for assurances from the OMB that it was planning for the permanent management unit and technical staff resources necessary to carry out a long-term project that will affect the information systems and reporting practices of every Federal agency. It is also why, at the same time, we questioned whether meaningful priorities could be assigned for development of classification standards and structures before completion of the congressional requirements study then being conducted by the Comptroller General. Then, as now, we were concerned that (1) implementation of title II be moved forward *as rapidly as is consistent with effective planning*, and (2) the needs of Congress for fiscal, budgetary, and program-related data and information be both considered and accommodated by the systems developers.

OMB's initial approach was not reassuring where either of these areas of concern was involved.

In a first annual report to the Congress, issued on September 1, 1971, the OMB and Treasury Department outlined what was being done or in prospect to satisfy title II requirements. Later said to be based on their interpretation of the act, "in the absence of any specific guidance from the Congress," this report described a number of executive information systems, in operation or being developed, and procedures for establishing classification standards.

Conceived prior to passage of the 1970 act, the systems were characterized variously as meeting "most of the basic requirements" of section 201 or providing—in the experience gained in their development—a "good foundation for moving ahead" on these requirements. Subsequent testimony and statements submitted in the Joint Committee's hearings indicated the purpose and status of these, as well as identifying related work underway in the executive, as follows:

Budget Preparation System—Supports preparation of the President's budget and is presently used in the latter stages of this process to verify data submitted by the agencies, comparing such data with official Treasury records, and to produce special tables for analysis of program and budget data. Computer based, this system produces 15 of the 19 economic, financial, social program, and specialized analyses presented in the "Special Analyses" budget document. It also produces the object classification schedules presented in the budget appendix. Four years in the development stage, this system has been in operation since 1968, has been "very helpful," according to an OMB witness, but "has had some problems with it."

Rolling Budget System—Intended to support Executive decision processes throughout the year by providing up-to-date budgetary figures, including current appropriation, allotment, and expenditure data. OMB views this as the next step in evolution of the Budget Preparation System. It is expected to permit updating of budgetary figures to reflect changes resulting from congressional action, Presidential direction, and agency decisions. Inclusion of Treasury data on actual expenditures will be possible through use of standard classifications. The concept was tested in fiscal 1973 budget preparation, when OMB applied it in conjunction with budgeting for the Agriculture and Commerce Departments. Now in an early development stage, a "very evolutionary approach" is being followed in extending its use. OMB estimates that it will be at least 2 years before it will be in operation on any substantial portion of the budget.

Program Performance Measurement System—Designed as an agency management tool. OMB has tested the performance measurement concept on a case-by-case basis with several programs (e.g., narcotics control, corrections, organized crime, etc.) as an approach to assessing effectiveness of program management in meeting specified goals. As described by an OMB witness, it is based on some "very simple and fundamental" principles; all "we are trying to do is get a very explicit statement of exactly what it is that [the program manager] plans to accomplish, the time schedule for attaining specified results, and then let him prepare his own report card on how well he is doing in working toward the specified results." Recordkeeping for this operation is performed manually; there are no plans for governmentwide implementation.

Catalog of Federal Domestic Assistance—Published every 2 years from 1965 to 1969, annually since then, with midyear supplements in 1970 and again 1971. The catalog serves as a guide to more than 1,000 Federal aid programs. A machine-readable tape, with much of the information it contains, was to be "available for public sale" in the near future. OMB has not developed a system for analyzing, updating on a continuing basis, or accessing the catalog data and related information. OMB statements indicate that such a system—including provision for current appropriation/expenditure data—is not presently being planned.

Regional Information System—Planned to provide automated information support for the various regional councils. Initial development plans for this are not yet complete.

Grant Notification System—Designed to provide each State with information about grants made to governmental units within its jurisdiction. State coordinators are notified whenever a grant is awarded. In opera-

tion since July 1969, this system issued about 40,000 notifications during fiscal 1971.

Legislative Tracking System—Developed to follow legislation deemed essential to the President's program. Information on each bill includes sponsor, title, subject matter, related bills, committee referral, hearing schedules, Government witnesses, Rules Committee action, House and Senate action, and financial information for authorization and appropriation legislation. OMB is "putting a very substantial" amount of effort into this system. Initiated in the 92d Congress, it was being used to track about 800 bills as of March 1, 1972.

Treasury System—Designed largely to produce financial reports that (1) satisfy constitutional and statutory requirements, and (2) provide accounting support for the President's budget. The Treasury Department has maintained a system of central accounts to record summary data on budget receipts and outlays and related assets and liabilities of the Government since enactment of the Budget and Accounting Procedures Act of 1950. The principal products of the system are: (1) The monthly Statement of Receipts and Expenditures, which is the official statement of actual budget results with receipts and expenditures classified by organization and by major categories in the President's budget (usually a group of appropriations); and (2) the Annual Combined Statement of Receipts, Expenditures, and Balances, which represent the accountability statement for congressionally authorized spending with receipts and expenditures classified by organization and by individual receipt, appropriation, and fund account. *"It should be noted,"* the Treasury Department witness stated, *"that input to the Treasury's central accounts has traditionally been limited to summary data produced by agency (or accountable officer) accounting systems. Data in the present system can be aggregated at certain program levels and at the budget functional level, but cannot be related to programs which cut across appropriation lines. The system can be expanded, however, to accommodate almost any reasonable need if agencies have the capability to provide the input."*

In the context of title II requirements, these systems represent, at best, a modest beginning. The major budget preparation and Treasury systems have been in operation for several years. Congress can and does rely on the summary level data and information they are presently capable of producing. But congressional users require much more detailed information on programs, projects, activities, and operations performed at lower levels within executive agencies. Substantial changes will be necessary, along the lines suggested in the Treasury Department witness' testimony, if these systems are to fulfill such requirements.

In July and August 1971, the OMB organized four interagency "task groups" to "analyze the need for new or improved" governmentwide classification standards and structures. Prior to their formation, however, the Director of the OMB and the Acting Secretary of the Treasury asked executive department heads to provide "a brief description of any inventories of data available * * * that could be used to meet" title II requirements. In July, the OMB reported that "virtually none of the agencies have composite inventories of data available within their systems." Initial OMB staff memoranda proposed a fifth task force group—to develop a method for identifying and acquiring inventories of available data for use in responding to congressional committees in accordance with section 203—but such a group was not formed.

Arguing that new classification requirements of section 202 should be built upon existing structures "to the extent possible," the OMB-Treasury systems developers, in their September 1 report, attached priorities to "assure that less important classifications do not become driving forces to overcomplicate or compromise the more basic and fundamental needs." Primary attention was to be given development of three basic classification structures to support "major executive branch decision processes" and needs, as follows:

Funding structures to identify the appropriations which provide resources necessary to carry out the programs.

Organizational structures to identify responsibility for execution of the programs and establish accountability for results achieved and resources consumed.

Program structures which relate Federal programs to objectives and purposes served by those programs.

Work on each of these was assigned to an individual task group. All other classification structures—including object, geographic, target group, and funding type—were arbitrarily given a lower, "secondary" priority for development. All were assigned to a single, "analytical structures" task group. The Joint Committee, in a letter from the chairman to the Director of the OMB, on October 1, 1971, questioned the criteria for the "more basic and fundamental needs" on which these priorities were based:

Presumably, these needs include compatibility with resource allocation and accounting system requirements. How do such criteria relate to congressional interests in standard classification and related information systems? The issue here is whether certain data will be accumulated through the accounting and budgeting system or whether they will be derived statistically to support the needs of Members and committees for more adequate analysis of Federal programs and activities. On what basis have the Office of Management and Budget and the Department of the Treasury already determined that there is not sufficient need for other kinds of information to warrant their inclusion as a "primary" classification? How can such priorities be set before completion of the requirements studies now being conducted by the Comptroller General?

The Director, then Mr. George P. Shultz, replied on October 21 as follows [emphasis added]:

In developing our concept and proposal for "primary" classifications, the highest priority was placed on classifications used for program, budget, and resource allocation decisionmaking *which we believe are fundamental to both the executive and legislative branches' needs.* The "secondary" classifications are designed to meet a wide diversity of other specialized needs. Since the task forces are still working on these classification structures, they are by no means "set." Also, we are contemplating the establishment of administrative procedures for continual review, updating, and refinement of both the "primary" and "secondary" classifications. We believe that such flexibility is necessary if the classifications are to remain viable and relevant to emerging needs.

The task groups began meeting in August 1971. Arrangements were made for GAO personnel to participate as observers. A steering group, with GAO represented, was set up to furnish policy guidance to the task groups and to review their progress. But this oversight group met only briefly and infrequently—on four or five occasions—during 1971.

In effect, the task groups were conceived as *ad hoc* study groups; their reports were to express the views of individuals rather than a coordinated agency position. An OMB witness explained this approach to the Joint Committee, as follows:

Chairman BROOKS. What does a task force member, say from the OEO, do when he returns to his agency? Who does he report to? How much time does he devote to this particular effort?

Mr. HAASE. Let me go back to the first question. The people who have been selected to work on the task forces have been selected principally because of their own knowledge and expertise. They are actually operating on the task groups as individual representatives rather than as a formal representative of the agency.

In other words, the final report they put out will express their views, not necessarily a viewpoint that is completely coordinated within the agencies and departments. This means that once the task force reports come out they will still have to go through an agency coordination process to determine * * * the feasibility, practicality, and impact of implementing the recommendations.

We felt it was important to get the best people and their ideas together as the first step.

Participation on the task groups was on a part-time basis for the agency personnel involved; all had other duties in their agencies. An initial OMB staff memorandum proposed completion dates for all of the task group reports by mid-December 1971. Not surprisingly, however, these deadlines were subsequently revised, with indefinite completion dates for the reports of the program and analytical structure groups—which were addressing the "more complex longer range standardization questions." And by May 22, when the Joint Committee's hearing record was closed, only the funding and organizational task group reports were ready for circulation to the agencies.

Throughout this period, technical staff and management support for the title II project within OMB were minimal. If OMB statements to the Joint Committee are accurate, the attention of the equivalent of two professional people working full time was devoted to this effort.

The Joint Committee's letter of October 1, 1971, while approving the ad hoc study approach as a temporary expedient, questioned its long-range effectiveness:

Whether this arrangement will suffice for the future is another matter. We are aware, of course, that standardization cannot be achieved overnight. Yet, it is not consistent with the needs of the Congress to have this effort delayed interminably for lack of essential resources. What are your plans for the permanent management unit and staff necessary to carry out the intent of the act as quickly and efficiently as possible?

The OMB Director replied:

The task force approach was adopted to obtain representative involvement of the many organizational elements that must ultimately operate the system or could be significantly impacted by the standardization effort. Since many key system requirements are still being defined, detailed long-range plans and permanent staff resource requirements cannot be specified at this time. However, I believe that if the system is to be effective it must be operated by the staff responsible for the functions to be served by the system and we do not anticipate the need for any new and separate organizational entity for this purpose.

Finally, midway in the Joint Committee's hearings, the OMB acknowledged that its initial planning was not broad enough to meet title II requirements. In statements submitted for the record on April 20 and May 24, 1972, OMB conceded that the "recently received GAO report * * * indicated that the scope of the system development effort as anticipated by the Congress is substantially greater than previously incorporated in our plans;" that the "limited part-time involvement of staff [as described within OMB] is grossly inadequate to proceed with the planning for a system of the magnitude envisioned;" and that priorities for development of classifications "have not been changed to

date but could of course be affected by subsequent clarification of congressional needs."

Once congressional needs are clearly defined, it was added, "a detailed plan to meet the expanded requirements can be developed."

Mr. METCALF. Mr. President, as of mid-1972, work under way on information systems designed primarily for use in budget and program decision processes at the highest executive level was simply to be continued—and slowly. Only part-time technical staff and management support were made available. In fact, until mid-1973, if OMB statements to the joint committee and other sources available were accurate, the equivalent of only two professional people were working full time on the Legislative Reorganization Act requirements in the entire executive branch. Moreover, the joint committee also found that priorities for development of the all-important standards—which determine the form and content of information that can be produced by information systems—had been set without reference to congressional interests and information needs. And an inventory of existing executive branch information systems and data sources—which is a key element in facilitating congressional access to and use of information in such systems—was considered in OMB, then abandoned.

In short, as the Comptroller General concluded in his second annual report to Congress on implementation of these sections of the 1970 act:

The system contemplated by the Executive Branch will not fulfill the information needs of the Congress.

Mr. President, I ask unanimous consent that the Comptroller General's report of February 7, 1973, be printed at this point in the RECORD.

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

ATTACHMENT No. 4

COMMENTS ON THE SECOND ANNUAL REPORT TO CONGRESS ON PROGRESS IN DEVELOPING STANDARD CLASSIFICATIONS AND STANDARDIZED INFORMATION

(Report of the Treasury and Office of Management and Budget by the Comptroller General of the United States)

WASHINGTON, D.C.

B–115398.

To the President of the Senate and the Speaker of the House of Representatives.

This report contains the comments of the General Accounting Office on the Secretary of the Treasury's and the Director of the Office of Management and Budget's report entitled "Second Annual Report to Congress on the Budgetary and Fiscal Data Processing System and Budget Standard Classifications." (See app. I.) That report is required by section 202(b) of the Legislative Reorganization Act of 1970 (84 Stat. 1140), which also provides for comments by this Office.

The act requires that an information system to serve all branches of the Government be established and maintained by the Department of the Treasury and the Office of Management and Budget in cooperation with the Comptroller General. The legislative history of the act contemplates that the Comptroller General will insure that the interests and needs of the Congress are considered in establishing and operating the information system.

In their second annual report to the Congress, the Department of the Treasury and the Office of Management and Budget indicated that their current plans for providing information to Congress would fall far short of what the Congress has told us are its needs. Specific comments to this effect in their report were that:

They "are proceeding with most of the basic system improvement programs reported on September 1, 1971, which are required largely to meet urgent executive branch needs."

They recognize that substantial additional resources must be applied to satisfy the congressional information requirements identified in our report of February 17, 1972 (revised Nov. 10, 1972), and now being defined in depth.

They do not intend to apply resources to the task until detailed congressional information requirements are defined by the Congress and then it is "planned to be considered in the context of overall budgetary considerations."

We have determined the information needs of the Congress through a comprehensive survey of 258 persons representing 44 committees and 69 Members of Congress. We submitted a preliminary description of congressional needs to the Congress and the executive branch on February 17, 1972, for comment. The final results of the surveys, as revised to give effect to congressional comments, are described in our report on Budgetary and Fiscal Information Needs of the Congress (B–115398, Nov. 10, 1972). (See app. II.)

Since the initial survey we have continued to work with committee staffs to further define the details of the data required. The results of our current work will provide such specific requirements as those for standardization of budget and fiscal data which, when implemented, will facilitate tracking Federal programs from year to year and comparing similar programs and activities across agency lines.

Under the current plans of the executive branch, the information system will provide the Congress with data comparable to that currently being provided although possibly more rapidly by using automated techniques. The standard information will continue to be at a summary level on appropriations, functions, and subfunctions.

The system contemplated by the executive branch will not fulfill the information needs of the Congress. For example, the following information will not be readily obtainable:

Consolidated information on similar programs and activities across agency lines.

Information on program budgets and expenditures broken down by target group, rural and urban areas, other types of beneficiaries, and political subdivisions.

Except for explicit cash payments, the cost of Government subsidies, such as loaning money at lower than prevailing interest rates.

Also existing statistical data from the Bureau of Census, Internal Revenue, Bureau of Labor Statistics, and others will not be structured for use in evaluating the effects of Federal programs on the economy in various geographical areas and on various target groups.

The Department of the Treasury and the Office of Management and Budget have indicated that they plan to do nothing further until congressional needs for information are spelled out in minute detail. The executive branch, we believe, could profitably begin developing a complete system using the work we have done to date, which documents and reports the general budgetary and fiscal information needs of the Congress. The executive branch could:

Construct and follow a comprehensive plan for coordinated systems development for the entire project. Too many organizations are involved to be working without a plan and operating procedures for communication and coordination.

Establish a full-time technical staff in the executive branch to cordinate the work. If the executive branch does not have a plan and a technical staff to receive and act promptly on the requirements submitted to them, it will be many years before any significant progress can be made toward effectively satisfying the broad information needs of the Congress. Also, we believe that a full-time executive branch staff would make our work with the committees easier and faster.

Conduct a preliminary assessment of existing information systems' capabilities to respond to the congressional needs from the information needs we provided last year so that plans for improving their systems could be developed. We believe this preliminary work could be conducted in parallel with our detailed definition of information requirements, to preclude unnecessary delay of this important undertaking.

Our initial survey of the Congress identified the basic classifications needed to aggregate information for congressional use. These include Federal programs, political subdivisions, target groups or types of beneficiaries, and others. Task groups were formed to initiate work on these classifications in 1971 but met infrequently and, to date, have made no substantive progress. In our judgment, work on these classifications need not be deferred.

The development of Federal program classifications, a major undertaking, could be effectively coordinated with our current work. In assessing the information needs of the committees, we are focusing on the identification and classification of Federal programs for which basic financial information is needed.

We recognize that there are alternative approaches to providing this information to the Congress, and we feel that it would be very productive to have the technical staffs of the executive and legislative branches considering the feasibility of different approaches now.

Through participation in hearings of the Joint Committee on Congressional Operations and periodic reports to the Congress and the Joint Committee, we have been keeping the Congress advised of our plans and progress. We will continue to discuss the implementation of the act with the appropriate executive branch officials and the involved committees to establish a plan and to get the resource committees that would be more acceptable to the Congress.

We shall continue to report to you on the major activities and events concerning the implementation of title II of the act.

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Secretary of the Treasury.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

Mr. METCALF. It was to get us off dead center on the development of information systems as intended under the 1970 act—and to create a congressional facility for acquiring and processing fiscal budgetary and program information—that I introduced S. 1215 on March 13, 1973. As revised in committee and incorporated in title VIII of S. 1541, the amendatory language provides for a process in which standardized systems and standard definitions and classifications are to be developed cooperatively by

the legislative and executive branches, the systems—their design and operation—in the Federal agencies under the leadership of the executive, and the definitions and classifications under the leadership of the Comptroller General, acting as agent of Congress.

Let me summarize briefly the changes made in the 1970 act by title VIII.

The new section 201 is substantially unchanged: Development of standardized data processing and information systems, for use by all Federal agencies, is to be carried out by the Secretary of the Treasury and the Director of OMB, in cooperation with the Comptroller General, as is the case in the present language of this section. Such systems have been in operation for some years, and work on new systems and expansion or modification of existing systems is expected to continue in the various executive departments and agencies. However, new language has been added to make it clearer:

First, that what is required is the development, not of a single all-encompassing information system, but of systems—including automated systems—which are compatible, to the maximum extent feasible, and which can provide for the most effective, prompt, and efficient reporting of data and information to Congress, as well as in and among the various branches of Government;

And second, that Congress intends that program-related data and information, such as social and economic data, is within the scope of this section. The experience of the Government Operations Committee, the Joint Committee on Congressional Operations, and the Comptroller General—based on an extensive survey of congressional information needs—all strongly indicate the need for such information in dealing with Federal fiscal policy and program funding decisions.

Additionally, the new language recognized the urgent need for standardization of information systems at all levels of Government, in the interests of creative Federalism. Thus, the section includes a requirement that development of such systems be carried out so as to meet the needs, insofar as practicable, of governments at the State and local level.

The new section 202—and this is the heart of the matter—shifts primary responsibility for developing standard definitions and classifications from the executive to the Comptroller General, acting as agent for the Congress.

Further, it provides that such standards shall be used by Federal agencies in supplying information to the Congress. It establishes a date certain—June 30, 1975—for promulgation of the initial standards and provides for their modification to meet changing legislative and executive branch information needs.

Mr. President, the new provisions of section 202 have inspired active opposition from OMB—which, until recently, has been totally inactive on anything connected with this section's requirements—and from retiring Treasury Secretary Shultz as well. Because of the administration's opposition, and so Senators may clearly understand the nature of the issue and the stakes involved, I will quote extensively at this point excerpts from the Rules and Administration Committee's report on title VIII. Referring to the amendatory language of section 201, the report states:

As reported by the Senate Committee on Rules and Administration, title VIII of S. 1541 provides for a process in which the Comptroller General—*in cooperation with the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Congressional Office of the Budget*—is directed to develop, establish, maintain, and publish standard terminology, definitions, classifications, and codes for Federal fiscal, budgetary, and program-related data and information. Moreover, this title provides that such standard terms, definitions, classifications and codes shall be used by all executive agencies in supplying to the Congress fiscal, budgetary and program-related data and information.

In his testimony before the Subcommittee on January 15, 1974, Roy L. Ash, Director, Office of Management and Budget, questioned the propriety of "requiring * * * that the President develop his budget using terminology, definitions, classifications and codes developed by the Comptroller General of the United States." Citing section 201(a) of the Budget and Accounting Act of 1921, which states that the budget shall be presented "in such form and detail as the President may determine," the OMB Director said:

"We believe that removal of this authority from the Executive raises serious questions about the proper roles of the Executive and Legislative Branches."

The committee strongly agrees with the response of Senator Robert C. Byrd, Chairman of the Subcommittee:

"Now, that language was not inserted by our forefathers at the Constitutional Convention. That was created by Congress. What Congress gives, it can take away.

"Congress gave that authority in those words, 'in such form and detail as the President may determine.'

"Congress may deem it, in the light of hindsight, to be advisable to do otherwise."

The committee earnestly hopes and believes the President's discretion can be preserved. That is why this title provides for a process in which standardized information systems and standard definitions and classifications are to be developed cooperatively by the Legislative and Executive Branches, the systems in the Federal agencies—their design and operation—under the leadership of the executive, and the definitions and classifications under the leadership of the Comptroller General, acting as agent of the Congress. The purpose of establishing this cooperative arrangement is:

(1) to facilitate the development, establishment, and maintenance of information systems, including automated systems, in the various branches of the Government;

(2) to assure that such systems are compatible, to the maximum extent feasible; and

(3) to provide for the most effective, prompt, and efficient reporting of data and information to Congress, as well as in and among the various branches of the Government.

OMB Director Ash stated the purpose of the cooperative arrangement provided in title VIII succinctly in another portion of his testimony before the Subcommittee. "We feel strongly that the President should retain the authority to present the budget in a manner he desires," he said in prepared remarks *"so long as the information needed by the Congress is also provided."* (Italic added.) The committee agrees that the President should be allowed to present budget information in the manner he desires as well as in the manner needed by the Congress. Thus, the committee does not recommend amending section 201(a) of the Budget and Accounting Act now.

But the committee also recognizes that, even under ideal circumstances, difficulties may arise in meeting Congress' data needs that cannot be resolved through the best intentioned of cooperative efforts. And it should be noted that title II of the Legislative Reorganization Act of 1970, which this title amends, also provides, in section 206, that:

"Nothing contained in this Act shall be construed as impairing any authority or responsibility of the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General of the United States under the Budget and Accounting Act, 1921, as amended, and the Budget and Accounting Procedures Act of 1950, as amended, or any other statutes."

Thus, if a congressional information need (even though overlapping) is not being met in the budget, for example, through a cooperative adjustment in definitions or classifications—and if agreement cannot be reached on any standards under provisions of this title—the Comptroller General is to report that fact to Congress and to *recommend such legislation* as may be necessary to satisfy the congressional information need. In short, the committee calls for cooperation in the interest of compatibility of systems—for purposes of economy and efficiency. But it does not intend that the needs of Congress, thereby, be frustrated. Under section 312(a) of the Budget and Accounting Act, the Comptroller General already has a similar mandate, to make "recommendations concerning the legislation he may deem necessary to facilitate the prompt and accurate rendition and settlement of accounts and concerning such other matters relating to the receipt, disbursement, and application of public funds as he may think advisable." (31 U.S.C. § 53)

The committee believes that reporting requirements should remain as flexible as possible and should be placed in statutory language only when absolutely necessary. The committee believes that the cooperative arrangement provided in title VIII can result in steady progress toward standardization and can facilitate continuing revision and modifications as congressional information needs change over the years. But it also should be clear that, whenever cooperative efforts prove unsatisfactory, Congress may enact such legislation as is necessary to ensure that congressional reporting requirements are met.

It should be pointed out in this context that Section 601 of S. 1541, as reported by the committee, amends section 201 of the Budget and Accounting Act to require the President to set forth separately in his budget the items enumerated in annual concurrent resolutions on the budget, on which both Houses must act. Among items specified for inclusion in these resolutions are estimated outlays and appropriate levels for new budget authority for the major functional budget categories, and—within these categories—for existing and proposed new programs.

Congress will be debating national priorities based on these estimates, as they may be adjusted by the Committees on the Budget in each House.

If such debate is to be meaningful, Congress, particularly the Budget Committees, must know how programs are defined and categorized. Congress must also be able to determine which programs should be aggregated under the various functional categories—and the cooperative arrangement provided in title VIII will ensure that Congress can do so if it wishes.

As already indicated, the committee intends that the Comptroller General act as

the Agent of Congress in carrying out his responsibilities under this title. Accordingly he is directed to give particular attention to the information needs of the Committees on the Budget and the Congressional Office of the Budget, and to monitor the various recurring reporting requirements of all other committees as well, advising the Congress as to those which are not being met.

The committee intends that, wherever possible and suitable, these recurring requirements be accommodated in standard terms, definitions, classifications and codes, to facilitate the flow of data and information from executive information systems, in whatever form—documents, magnetic tape, microform, etc. But it must also be recognized that at any particular time—because of the limitations of technology and resources available—there will be some categories of fiscal, budgetary and program-related data and information, which it would be impractical to standardize.

This amendatory language does not require each executive agency to establish a single, standardized data and information system capable of instantaneously responding to *all* Congressional user needs. Nor does it impose constraints on executive agencies from providing management information systems to meet their own needs, or to provide additional data, information and analysis to Members of Congress and its committees.

Now, let me turn to the new language of section 203, which deals with the congressional access to data and information in the executive agencies as well as our ability to process and apply such information. The most significant changes in this section are described in the report of the Government Operations Committee, and I will quote excerpts from it:

The new section 203 expands the existing requirements of the act, to require executive agencies to furnish, upon request by congressional committees, the Comptroller General or COB, program evaluations conducted or commissioned by the agencies, and adds the following:

(1) Requires the Comptroller General in cooperation with the Director of the Congressional Office of the Budget, the Secretary of the Treasury and the Director of the Office of Management and Budget, to develop and maintain an up-to-date inventory and directory of sources and information systems containing fiscal, budgetary, and program-related data and information, and a brief description of their content. Additionally, the above-named officials are required, upon request, to provide assistance to committees and Members in securing and analyzing information from the sources identified in the inventory.

(2) Requires the Comptroller General and the Director of the Congressional Office of the Budget to develop and maintain, to the extent they deem necessary, central files of pertinent information, to meet recurring requirements of the Congress. Further, these files are to be available for use by the committees and other congressional agencies through modern data processing and communications techniques.

The development of standards required under section 202 is a long-term project that will involve all Federal agencies. Meanwhile, to facilitate congressional use of information presently available in executive systems—and to support a thorough-going review of executive reporting capabilities—the Committee believes that an inventory should be compiled at the earliest possible time. This inventory initially should identify governmental sources of basic financial information on Federal programs and projects, fiscal policies, and financial actions affecting State and local governmental units. Eventually, however, it should also identify sources of pertinent data and information in private institutions and the requirements for making such information available to the Congress.

It is the intention of the Committee to place responsibility for providing the data processing and analytic services necessary to support fiscal and budgetary decisionmaking in the Congressional agencies. It is not expected, however, that these agencies will duplicate the computer facilities or data files presently operating in the executive. In developing files for congressional use, the agencies can secure tapes from executive systems (e.g., OMB's budget preparation systems, the Federal Grant Management System, Treasury systems, etc.). These can be reformatted where necessary or supplemented by inclusion of new data, to create files capable of meeting some of the recurring requirements of the various committees and supporting the scorekeeping and analytical functions of COB.

As Senators may know, some work is already underway on an experimental basis in the development of budget data files for congressional use. I refer to a joint effort on the part of the GAO, Congressional Research Service, House Information Systems Office, and the House Appropriations Committee, to reformat and supplement budget tapes secured from OMB. I understand this experiment shows promise of providing the Congress capability for breaking down the budget data by function, subfunction, committee and subcommittee jurisdiction—the kind of independent capability the new Budget Committees must have.

Mr. President, as is the case with many other parts of S. 1541, provisions of title VIII cover matters of great technical complexity. They are not the stuff of which headlines are made. But they are of fundamental importance in the context of our new congressional budget procedures, and I will conclude with some plain truths about them.

Congress and its own agents must be in the driver's seat if congressional information needs are to be addressed, within the executive, other than on an ad hoc basis, in fits and starts.

Since early 1971, when the joint committee began monitoring the 1970 Legislative Reorganization Act's requirements, we have dealt with three different OMB directors and with innumerable different lower level administrators assigned briefly to this work. Without continuity of leadership at the policy level—and without authority in the hands of a congressional agency—the prospects for significant progress in this effort are remote, at best.

Unless Congress requires them to do so, not administration—Democratic or Republican—is going to give more than passing attention to congressional interests and requirements in the development of information systems, or to supply Congress information prepared to meet congressional needs and specifications.

Our experience under the 1970 act is illustrative. Whether by design, neglect, indifference, or incompetence—whatever the reasons—the OMB to date has accomplished little if anything intended under sections 201, 202, and 203. Indeed, until June of last year, theirs was an attitude of passive resistance, with semantic sawdust their weapon.

The problem, OMB argued, was that they could not begin to plan for addressing congressional needs until GAO described—in detail—precisely what those needs were. GAO, on the other hand, had reported results of a survey of congressional information needs as early as February 17, 1972. And GAO insisted that these findings were sufficient to begin planning for implementation.

Congress, weanwhile, was caught in the middle, even as we were beginning to struggle with the very difficult questions of reform of our own budgetary procedures. Our agent, the Comptroller General, was specifically required under the 1970 act only to cooperate. What he was to cooperate in doing remained entirely at the discretion of the executive agents. Obviously, if these agents did nothing but surround the act's requirements with words—and if the specifications developed by GAO were deemed by the executive to be insufficiently detailed or otherwise flawed—the Comptroller General's cooperation would have no result whatsoever.

Now, suddenly, on June 1, 1973, the picture changed. OMB announced establishment of a full-time team to look into congressional information needs and to develop a plan for addressing them.

Why, after more than 2 years of inaction—after rejecting GAO survey findings as a basis for planning—why the changed OMB posture? Let me suggest several possibilities.

In February of last year, the Senate Democratic Policy Committee adopted a resolution urging, first, executive compliance with the 1970 act; and second, consideration by the Government Operations Committee of any amendments or additional legislation necessary to insure full access to fiscal and budgetary data and information as needed by the Senate and Congress.

In April of last year, the Subcommittee on Budgeting, Management, and Expenditures began hearings on budgetary controls legislation—including S. 1215, the Federal Fiscal and Budgetary Information Act, which is the basis for the language of title VIII of S. 1541. And it was during these hearings, on April 12, 1973, that Senator BROCK advised an OMB witness that there was extensive, bipartisan concern in the Senate for compliance with the 1970 act's requirements. Senator BROCK informed the OMB witness that:

I will give you a little advance notice. I have prepared a letter for signature by 30 to 40 Senators which we are going to send to Mr. Ash and Mr. Shultz in the next week or so, as soon as we have a meeting up here, asking for your expeditious compliance with the requirement of the 1970 Act.

In any event, last June OMB began showing signs of life. And 2 weeks ago—just as we were scheduling action on S. 1541—they circulated a plan for implementing the 1970 act's requirements. I am not going to attempt to assess that plan in any detail here. It is, however, vague as to much of the work to be done, the deadlines for performance, and the

resources to be applied. Most importantly, the impasse on social and economic information remains. OMB insists that such information is not within the scope of the 1970 act. GAO insists—and the legislative history bears this out—that it is.

But, whatever the merits of the OMB plan, Congress must now be assured of access to adequate data and information in the form we need it, when we need it.

We appear at long last to have OMB's attention. How can we keep it?

Let there be no mistake on this: We will not be assured of the availability of such information without providing for congressional specification of congressional requirements. And that is the purpose of title VIII.

Mr. President, Treasury Secretary Shultz, citing the experience of more than 20 years ago, has raised the spector of a technical problem involving duplication and overlapping reporting requirements in the legislative and executive branches.

I can only respond that the times—and technology—have changed. Our circumstances are far different today than what they were then. Information systems now are being designed to meet multiple reporting requirements. There has been considerable progress in information systems, with the aid of computer technology, since 1950.

In S. 1541, we are concerned with the creation of an essentially new Federal budget process. Our concern is for the structures and procedures that will enable the Congress to exercise its responsibilities effectively in the 1970's and beyond.

We will be formulating and acting upon a legislative budget. Attempting to do so by simply reshuffling the figures given to us in present-day Presidential budget submissions would be an exercise in self-deception.

Certainly, the authority contained in title VIII reverses what has come to be regarded in the executive branch as the proper order of things, where informing the Congress is concerned. There will be cooperation, of course, to insure that executive information needs are fully served. But, it will no longer be tenable for the executive to supply Congress information the format, content, and level of detail of which are determined solely at Executive discretion.

Mr. President, it is our intent in S. 1541 to strengthen congressional control over the level and direction of Federal spending. Command of adequate information resources, as provided in title VIII, is essential if we are to realize that objective.

Mr. President, one of the most significant parts of this bill is title VIII. During the entire consideration of the proposed legislation, Senator Saxbe, who is now Attorney General, was the ranking member of the subcommittee. Senator Saxbe and I were very interested in title VIII.

It is my understanding that the Senator from Illinios (Mr. PERCY) has some technical amendments. I have looked at those amendments, and I concur with them completely. I understand that they have been reviewed by the Comptroller General and the OMB, and that the technical amendments will make title VIII more acceptable to the executive agencies while leaving the basic purposes of this title intact.

Mr. PERCY. I thank the distinguished Senator.

Mr. President, I send to the desk amendments on behalf of myself and the distinguished Senator from Maine (Mr. MUSKIE).

The PRESIDING OFFICER. The amendments will be stated.

The assistant legislative clerk proceeded to read the amendments.

Mr. PERCY. Mr. President, I ask unanimous consent that further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

On page 174, line 11, immediately after "data", insert "processing".

On page 174, line 22, immediately after "Sec. 202. (a)", insert "(1)".

On page 175, line 7, beginning with "and" after "activities" strike out through "level" in line 10.

On page 175, line 12, strike out "executive" and insert in lieu thereof "Federal".

On page 175, between lines 14 and 15, insert the following:

"(2) The Comptroller General shall submit to the Congress, on or before June 30, 1975, a report containing the initial standard terminology, definitions, classifications, and codes referred to in paragraph (1), and shall recommend any legislation necessary to implement them. After June 30, 1975, the Comptroller General shall submit to the Congress additional reports as he may think advisable, including any recommendations for any legislation he may deem necessary to further the development, establishment, and maintenance, modification, and executive implementation of such standard terminology, definitions, classifications, and codes.

On page 175, beginning with line 20, strike out through line 8 on page 176 and insert in lieu thereof the following:

"(c) The Comptroller General of the United States shall conduct a continuing program to identify and specify the needs of the committees and Members of the Congress for fiscal, budgetary and program-related information to support the objectives of this part.

"(d) The Comptroller General shall assist committees in developing their information needs, including such needs expressed in legislative requirements, and shall monitor the various recurring reporting requirements of the Congress and committees and make recommendations to the Congress and committees for changes and improvements in their reporting requirements to meet congressional information needs ascertained by the Comptroller General, to enhance their usefulness to the congressional users and to eliminate duplicative or unneeded reporting.

"(e) On or before September 1, 1974, and each year thereafter, the Comptroller General shall report to the Congress on needs identified and specified under subsection (c); the relationship of these needs to the existing reporting requirements; the extent to which the executive branch reporting presently meets the identified needs; the specification of changes to standard classifications needed to meet Congressional needs; the activities, progress and results of his activities under subsection (d); and the progress that the executive branch has made during the past year.

"(f) On or before March 1 of 1975 and each year thereafter the Director of the Office of Management and Budget and the Secretary of the Treasury shall report to the Congress on their plans for addressing the needs identified and specified under subsection (c) including plans for implementing changes to classifications and codes to meet the information needs of the Congress as well as the status of prior year systems and classification implementations.

On page 176, line 24, immediately after "(2)", insert "to the extent practicable,".

On page 177, strike out lines 4 through 8 and insert in lieu thereof the following:

"(3) furnish to such committee or joint committee, the Comptroller General, or the Director of the Congressional Office of the Budget any program evaluations conducted or commissioned by any executive agency.

On page 177, lines 23 and 24, strike out "committees, joint committees, and" insert "committees and joint committees of Congress and, to the extent practicable, to".

On page 178, beginning with line 19, strike out through line 3 on page 179 and insert in lieu thereof the following:

"(d) The Director of the Office of Management and Budget, in cooperation with the Director of the Congressional Office of the Budget, the Comptroller General, and appropriate representatives of State and local governments, shall provide, to the extent practicable, State and local governments such fiscal, budgetary, and program-related data and information as may be necessary for the accurate and timely determination by these governments of the impact of Federal assistance upon their budgets."

On page 179, line 4, strike out "title II of".

Mr. PERCY. Mr. President, I offer these technical and correcting amendments to title VIII. The amendments have been worked out cooperatively with the Government Operations and Rules Committees, the Comptroller General, and representatives of the OMB.

The amendment establishes a clear set of reporting requirements for the Comptroller General as well as the Executive. These reports to the Congress are intended to identify who is to do what in implementing the provisions of this title. Within the cooperative arrangement we have set up, there will be times when OMB is dependent upon GAO before moving to the next task and vice versa.

We believe these technical amendments strengthen the title and make it more acceptable to the Office of Management and Budget, which properly expressed concern about GAO "dictating" to it the form of the Executive budget, which is, after all, a statutory responsibility given to the President.

We anticipate, however, that in practice no conflicts will arise. These are exceptionally detailed and technical matters that we fully expect will be worked out between GAO and OMB in a spirit of cooperation and harmony.

I know that the distinguished Senator from Montana has given reassurance to the other Members of the Senate that he has carefully reviewed these technical amendments and supports them, as the chairman of the Subcommittee on Government Operations that has dealt in greatest detail with the momentous piece of legislation before us.

The PRESIDING OFFICER. The question is on agreeing to the amendments.

The amendments were agreed to.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. ROBERT C. BYRD. Mr. President, if there is no further business in connection with this measure, I ask unanimous consent that there now be a period for the transaction of routine morning business of not to exceed 6 minutes, with statements therein limited to 3 minutes.

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

UNITED STATES-WEST GERMANY OFFSET ARRANGEMENTS

Mr. PERCY. Mr. President, I wish to comment on a matter of great importance to the United States and our allies in Europe. The President of the United States made a very important statement in Chicago on Friday that caused some degree of consternation in Europe. He did comment at the time that we have been negotiating with our allies with respect to certain aspects of our relationship with them.

Mr. President, yesterday the United States and West German Governments agreed in principle on new offset arrangements to cover the balance-of-payments costs of U.S. troops stationed in West Germany as part of our NATO commitment. The agreement worked out is to cover the period from July 1, 1973, to July 1, 1975.

In theory, the new offset arrangement will offset fully the balance-of-payments costs of U.S. troops in West Germany. However, details are vague at the moment and the size of the offset and its composition are not yet known.

My main concern about the offset agreement is exactly what form the offset will take. I have contended for years that we should insist upon real offsets, and not offsets that merely defer U.S. balance-of-payments problems. By this I mean that offsets should be in the form of cash payments or purchases of equipment from the United States that offer a true "additionality." I do not find loans of any kind an acceptable offset. Loans merely defer the United States balance-of-payments problems. Obviously, loans someday have to be repaid, thus just putting off the balance-of-payments problem to another day. Thus I read with concern reports that some of the offset will be in the form of medium-term loans to the United States by West Germany. This is not a true offset.

Mr. President, I will be watching carefully as the details of the newly agreed upon offset agreement unfolds to see that the United States receives a real offset for our expenditures in West Germany and not an offset that merely postpones the problem.

Mr. President, I ask unanimous consent that articles from this morning's New York Times and Washington Post relating to the offset agreement be printed in the RECORD at this time.

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

UNITED STATES AND BONN SET BASIS OF NEW PART ON COST OF TROOPS

BY DAVID BINDER

WASHINGTON, March 19.—The United States and West Germany reached agreement in principle today on a renewal of payments by Bonn to offset the cost of stationing American forces in Germany, the Treasury Department announced today.

The agreement by the Secretary of the Treasury, George P. Schultz, and the West Germany Finance Minister, Helmut Schmidt, who is here on a visit, ended seven months of difficult negotiations over payments of $2.2-billion to $3-billion. The lower figure was believed closer to the sum agreed on today.

It also appeared to put aside, at least one of the knotty issues—long a problem and particularly so recently—that are currently disturbing the United States relations with Western Europe.

Since last summer Congressional critics of the Nixon Administration's military policies have been demanding a sharp reduction in United States forces in Europe or, barring that, at least more substantial compensation from the Europeans for the maintenance of the troops.

"ECONOMIC CONFRONTATION"

Last Friday President Nixon declared that if Congress "gets the idea that we are going to be faced with economic confrontation and hostility" from Western Europe, "you will find it almost impossible to get Congressional support for continued American presence at present levels on the security front."

The new offset pact is bound to help the United States balance of payments as well, monetary specialists observed, even though the international currency market is dominated by floating rates. Last year the United States had a slight surplus, but this year it is expected to have a deficit because of the vast increase in oil prices.

Mr. Shultz and Mr. Schmidt sealed their agreement after almost two hours of talks. Earlier Mr. Schmidt conferred with Secretary of State Kissinger on current problems of the Atlantic alliance and remarked afterward, "What we have today is a minor stir."

He was the third senior Western European official to speak in conciliatory terms of relations with the United States since President Nixon accused the Europeans Friday of disrupting Atlantic ties.

When the negotiations on the offset agreement began last fall the United States was asking $3-billion to cover the cost of maintaining 225,000 men in West Germany from July, 1973 to July, 1975.

PREVIOUS AGREEMENT

The previous two-year pact provided $2.5-billion in West German payments, one part in the purchase of United States bonds and the rest in the form of arms purchases and renovation of American barracks and other facilities.

This time the United States asked that the bulk of the payments be in the form of arms purchases. The Germans were resistant on both the size and the form of the demands. The shape of the agreement could not immediately be learned; Mr. Schmidt indicated to newsmen that it was based on a fresh proposal he had brought from Bonn.

In the conciliatory response to Mr. Nixon in which Mr. Schmidt joined the French Foreign Minister, Michel Jobert commented in the same vein Sunday and today Britain's new Foreign Secretary James Callaghan, spoke vigorously in the House of Commons on the desirability of "intimate cooperation with the United States."

Asked by reporters to characterize the status of Atlantic affairs, Mr. Schmidt smiled broadly and recalled the struggle 12 years ago over United States-West German attempts to introduce multilateral forces in the North Atlantic Treaty Organization—a project defeated by France.

In view of that, he said, the current arguments over whether a lack of consultation is disturbing United States relations with Europe "should not be treated as too important."

Concerning the offset negotiations, which began last fall with the United States asking full compensation for the cost, estimated at $3-billion, of maintaining United States forces in 1974–75, Mr. Schmidt said he and Mr. Kissinger had "a nice, detailed conversation." He added: "We are very polite gentlemen—we didn't even mention one figure."

The Finance Minister and Secretary Shultz indicated later that there would be further negotiations before agreement could be concluded. West Germany paid $2.5-billion to the United States in the previous arrangement, covering the two years that ended last July.

DIALOGUE STILL DEADLOCKED

Despite the mollifying remarks by European officials, the deadlock in the "Atlantic dialogue" appeared to be much as it was last week when Mr. Nixon accused the Western Europeans of stalling on political and economic cooperation while moving along with the United States on defense policy.

Yesterday the French Ambassador, Jacques Kosciusko-Morizet, declared that "the ball is in the American court" as far as progress on political-economic cooperation with Western Europe is concerned. Today the State Department spokesman, George S. Vest, said, "it is now up to them," meaning the Europeans.

Mr. Vest explained that the United States regarded the nine-month effort to draft a joint declaration of principles on the relations between the nine European Economic Community members and the United States was incidental. "The declaration is a symbol, not a substance," he added.

The substance desired by the United States, he said, is close consultation. He said the United States "is waiting for an answer on consultations."

U.S., BONN "OUTLINE" TROOP PACT

The Washington and Bonn governments agreed in principle yesterday on a financial formula for offsetting the outflow of dollars from this country caused by the stationing of American troops in West Germany.

The Treasury Department announced that the "outline" of an agreement had been worked out, after West German Finance Minister Helmut Schmidt and Treasury Secretary George P. Shultz conferred here for two hours and 45 minutes.

Treasury said that the details would be completed shortly on a new two-year agreement. The last such accord expired last June. Negotiators from the two countries had been trying to work out a new one for almost a year.

The timing of the announcement was significant, in that it came only four days after President Nixon made a tough demand in an appearance in Chicago that the European nations start cooperating with the United States or face American troop cutbacks. Settlement of the offset problem would remove a perennial source of Atlantic frictions and might reduce Senate demands for a troop reduction.

A strong bloc in the Senate, led by Majority Leader Mike Mansfield (D.-Mont.) favors a drastic cut in the 309,000 troops (229,000 of which are stationed in West Germany) in NATO.

Another Senate group, headed by Sen. Henry M. Jackson (D.-Wash.), has introduced an amendment that would force the President to reduce the size of the American

military presence to the same degree that NATO allies fail to offset fully the American military balance of payments outflow.

Treasury officials said yesterday they were convinced that the new agreement would meet the offset requirements laid down by Sen. Jackson.

The United States estimates that stationing the troops in Germany will result in an outflow of some $3.3 billion in the fiscal years 1974 and 1975. Part of this outflow can be compensated for by the purchase of American military hardware, and by other deals involving cash.

In addition, officials said it was likely that some of the difference would be covered by medium-term loans by the German central bank to the U.S. Treasury.

The last agreement offset 80 per cent of the payments deficit in this way. Officials of both countries have made clear that a full cash offset in the new agreement is extremely unlikely. However, they believe that the congressional requirements for a full offset can be met by the balance of payments "flow back" resulting from the purchase of American products (such as razor blades) by servicemen abroad.

Mr. PERCY. Mr. President, in conclusion I simply would like to indicate that our very gifted, knowledgeable, and I might say determined, Secretary of Defense, Secretary Schlesinger, made a commitment to the Committee on Foreign Relations in response to a question I put to him many months ago that we would arrive at a day when we would have an agreement that would be satisfactory to Congress. I commend Secretary Schlesinger and his fine staff for the work they have done in this regard.

Here is an area where the Congress of the United States has cooperated and worked hand in hand with the executive branch. Many years ago in a meeting of the North Atlantic Alliance, where I went as the representative of the Senate and assumed the responsibility of chairman of the Subcommittee on the Balance of Payments of the Economic Committee, we began work in this problem at the time to point out the inequity of the present situation where not only is the United States expected to share some $14 billion of budgetary expense for our contribution and share of NATO, but also a balance-of-payments deficit that ranged between $1 billion and now up to about $1.75 billion a year.

This put tremendous pressure on the dollar and at a time when we could ill afford that. It came at a time when currency of many European countries was extraordinarily strong. We began at that time working with our allies in Europe to find ways that eventually we could work toward an agreement, where on an agreed upon basis no nation would benefit or lose, balance-of-payments wise, by their contribution to the common defense.

To the credit of all these countries, the resolution I introduced was accepted by all 15 or 16 countries in principle, that this should be the policy of NATO.

Now there is a wide gulf between implementation of principle and the integrating of specifics as to how to implement the principle. Everyone agrees in principle, yet all may have different specific ideas in mind. Dissatisfaction has been expressed by Congress through the years. An inter-Cabinet committee was established by this administration. To put higher emphasis on it the Secretary of the Treasury, the Secretary of State, and Secretary of Defense went to work on it with members of the National Security Council working, of course, with Members of Congress. We have reached a point with West Germany where I believe a more satisfactory arrangement is possible although I do not know the details, and I will wait until we have them for final judgment in this matter. But progress has been made and I express appreciation not only to members of this administration who made it possible but also for the attitude of the West Germany Government. Willy Brandt and Ambassadors from West Germany worked on this problem with us. I am pleased to see the reports that agreement has been reached that is acceptable to the executive branch. I hope it is equally acceptable to the legislative branch when we see the details.

CONGRESSIONAL BUDGET ACT OF 1974

Mr. ROBERT C. BYRD. Mr. President, my earlier reference—during debate on the Chiles amendment—to "Watchdogs," had reference to special interest groups, lobbyists, and so forth, and I want the record to show that. I also meant no reflection upon those groups. Some of them do laudable work. But the point I really wanted to make was that the people of West Virginia will not be there at the markup sessions, the people of North Dakota will not be there, the people of Michigan will not be there, the people of Illinois will not be there, but it will be the lobbyists—and they are legislative architects, who often perform a valuable service—and it will be the pressure groups and the special interest groups.

Mr. GRIFFIN. Mr. President, will the Senator yield for an observation?

Mr. ROBERT C. BYRD. I yield.

Mr. GRIFFIN. Since one of the major purposes of this legislation is to try to bring spending and the budget under control, and if possible to reduce spending or at least keep a lid on it I wonder if very many of those groups will be down here seeking to cut the budget, or will most of them be here trying to increase the level of spending?

Mr. ROBERT C. BYRD. Most of them will be here furthering their own special interests, and in many instances those special interests may benefit a good many people; but those special interests are precisely what the term says. They are special interests. We are talking about opening the markup sessions. I do not think that people who read the RECORD ought to be left under any illusion. There will not be very many of the private citizens, the average taxpayers, at those meetings. They will not be there to be heard and to observe or to protect their interests.

It will be those individuals who have special axes to grind, for the most part. That is what I had reference to in using the term "self-appointed watchdogs."

Mr. GRIFFIN. I voted with the distinguished Senator from West Virginia. I agree with his reasoning. I regret that position did not prevail. I regret that, unfortunately, there is a special rule for one committee. I think whatever the rule is, it should apply to all committees.

Mr. ROBERT C. BYRD. I thank the Senator. I appreciate his support of the position I took. We tried. We lost. The majority will prevailed.

PROGRAM

Mr. PERCY. Mr. President, as I understood the objective of Senator ERVIN, it was his hope that we could finish this bill by tomorrow. Is it felt necessary to have any time limitation on amendments or to reach a unanimous agreement with respect to a final vote?

Mr. ROBERT C. BYRD. Mr. President, I would object to any unanimous-consent request on this important bill today. I believe we ought to wait until such time as all Senators have been duly notified that a unanimous-consent request is being considered, so that any Senator may offer his objection. No one should be able later to charge that this bill was rammed through the Senate without adequate and full debate. I have a feeling that by coming in tomorrow at 10:30 and starting immediately upon the bill, following the recognition of the two leaders or their designees under the standing order, we will make considerable progress tomorrow. We could go until the hour of 5:30 tomorrow. There is an important Democratc function in town tomorrow evening. If we do not finish tomorrow, we may complete action on Friday.

Mr. PERCY. I do not want to interfere with that.

Mr. ROBERT C. BYRD. I would hope that the Senator would not press any unanimous-consent request at this time. Perhaps on tomorrow we can explore that possibility and make a decision at that time.

Mr. PERCY. Mr. President, I fully concur with the policy decision of the majority in this respect.

Once again, I should like to comment on the fact that every Member of the Senate has been given full time. There has been no time pressure of any kind. It would be hoped, however, that by coming in early tomorrow, Senators who do have amendments would advise the floor manager of the bill so that we could expeditiously utilize the time of the Senate.

I also would like to indicate that simply by offering an invitation to every Member of the Senate, Democrat and Republican, to join me in my office this morning at 11:45; we had a number of interested Senators at an informal session and we talked out many aspects of the bill and went over a book of charts which the Senator from North Carolina and I had placed on the desks of Senators. Should any Senator at any time tomorrow wish to informally go over the

bill and see its impact and implication with any member of the Committee on Government Operations or the Committee on Rules and Administration, I feel confident we would all be available for that purpose. We are very anxious that every Senator understand every part of the bill because of the impact it will have on the discipline imposed on us as Senators and on this body. The time schedule laid down is something we should adhere to and by changing the rules of the Senate in this regard we emphasize the orderly procedure we expect with reference to our affairs.

Mr. ROBERT C. BYRD. Mr. President, the Senator is making a great contribution by having such meetings. I commend him for it.

ADJOURNMENT TO 10:30 A.M.

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate. I move, in accordance with the previous order, that the Senate stand in adjournment until the hour of 10:30 a.m. tomorrow.

The motion was agreed to; and at 6:31 p.m. the Senate adjourned until tomorrow, Thursday, March 21, 1974, at 10:30 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate March 20, 1974:

DEPARTMENT OF STATE

L. Douglas Heck, of the District of Columbia, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Niger.

Sumner Gerard, of New Jersey, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Jamaica.

(The above nominations were approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

EXTENSIONS OF REMARKS

REV. NEVIN KENDALL STRESSES LOSS OF PUBLIC CONFIDENCE IN GOVERNMENT—INTEGRITY, COMPETENCE AND DEDICATION OFTEN OVERLOOKED

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Wednesday, March 20, 1974

Mr. RANDOLPH. Mr. President, the well-documented crisis of confidence in Government has impelled philosophers and poets to attach their minds to explanation, and perhaps absolution, of the failures of public servants. One such thinker-theologian is the Rev. Nevin E. Kendell, vice president for development at Davis and Elkins College, Elkins, W. Va. His paper, "Providence and Government," is based on apparently authentic Christian classical theology and is seemingly supported by Biblical texts. He outlines the reality of good and evil in human society and the necessity for Government to provide the stimulus for a more meaningful life for the many, to protect citizens against evil doers and to punish criminals.

In commenting on the manuscript, our Senate Chaplain, the Rev. Edward L. R. Elson, noted:

Mr. Kendell's paper is timey and could well stimulate thoughtful Americans to pray and work for better politicians and better government. He recognizes quite properly a high degree of integrity, competence and dedication in politicians which is unsurpassed in any other segment of society, a thesis I would support based upon my personal acquaintance with those who serve in the National government. This is an appraisal based on more than 27 years of close observation of our Nation's political leaders.

A major contribution by Mr. Kendell is the reaffirmation of the distinct concept that God may be served while performing government service as truly as He may be served in the ministry of the Church. It is to emphasize this point that I ask that Mr. Kendell's provocative statement be printed in the Extensions of Remarks.

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

PROVIDENCE AND GOVERNMENT

(By Nevin E. Kendell)

In recent poll it was discovered that our institutions of government have suffered a drastic decline in public confidence. Most Americans now take a very dim view of their government.

Under these circumstances it would seem to be especially appropriate to consider certain passages of scripture that are conceived with the place of government in the life of man.

In the 13th chapter of Romans, Paul tells us that government is an institution that has been established and obtained by God, that those who govern are serving as ministers of God.

These words were written in a setting where government could only mean the government of Rome. If all we knew about that government is what we learn from the New Testament and from a smattering of church history, we might think of Rome in terms that are totally negative. We would associate this government with aggression, tyranny, persecution, and lions that eat Christians.

All of this is part of the picture, but Paul had good reason to honor and give thanks for the function and institution of government as he had experienced it. For one thing, even though Paul was a Jew he enjoyed the unusual privilege of Roman citizenship. There were times when Paul was threatened by an angry mob; and was saved only by the protection that he enjoyed as a citizen of Rome.

Beyond these personal considerations, Paul may also sensed that the progress of the Christian movement had only been possible because of the order and stability that had been achieved under Roman rule. Within the Roman empire, and by first century standards, there was good communication and convenient travel with a reasonable degree of security. In a very real sense the world to which the first Christian missionaries addressed themselves was a world that had been created and made accessible by the Roman government.

It is certainly not strange that Paul would admonish his fellow Christians to honor the governing authorities as having been instituted by God, and as instruments of his providence—and that he would do so even though he must have sensed the rising hostility and the increasing likelihood of oppression and persecution at the hands of a government that would eventually seek to destroy the church. We assume that Paul himself was ultimately put to death by the same kind of authorities that he has described as ministers of God.

I think it is significant and important that when Paul asks us to honor government as a gift of God, he is not speaking in the context of a government that was notably just or compassionate or free of corruption. In many respects it was a terrible government.

This is not very surprising because for most men, everywhere, in all of recorded history, government has been something of a mixed bag—a necessary evil. Very necessary and often very evil.

But despite the injustices and oppression and corruption that have been almost universal, Christians have generally felt themselves impelled to give thanks for government and to acknowledge the authorities as ministers of God—not because they chose or intend to be (they may not even believe in God) but only because God chooses to use them as his instruments in order to provide at least a measure of the order and protection that we need to live as human beings. When the alternative is anarchy, it may not be hard to honor and receive as a gift of God even a government that leaves much to be desired.

Imagine what it would be like if every generation had to start from scratch to devise and establish its own institutions of government; what it would be like if God did not use the accumulated experience of past centuries to provide for us—to have waiting for us, as it were—a system of law and structures of government that we do not have to create for ourselves.

We noted at the beginning that recent events have caused many of us to regard our own government and some of the people of government with a great deal of suspicion and even contempt. But I am also concerned with an attitude that is deeper and much more permanent. Long before we ever heard of Watergate there was a tendency among us to downgrade government and the people who serve in government.

Sometimes we talk as if government has a monopoly on bungling and ineptness and waste; as if these things are never to be found in churches and colleges and corporations.

Our rejection of government is also reflected in our attitude toward taxes. Most of us are not impressed when Paul admonishes:

"For the same reason you also pay taxes, for the authorities are ministers of God attending to this very thing. Pay all of them their due, taxes to whom taxes are due, revenue to whom revenue is due."

It would be foolish to cite these words of Paul without recognizing that there are tremendous differences between the Roman empire of the first century and the world in which we live. I certainly do not question our right and even our duty to object if we believe that taxes are excessive or unfair, or used for a purpose that is improper or unnecessary.

At the same time, I suggest that Paul's words should not be dismissed too lightly. When we object to taxes we may have good reasons, but I suspect there is also involved a failure to recognize how much the quality of life that we enjoy, and even our opportunities to earn money, are dependent upon the effective functioning of government. And I suspect there may also be an element of plain old-fashioned selfishness, a reluctance to let our money be used to help meet the needs of others who are less fortunate.