no law can be framed to limit a man in the purchase or disposal of property, but what must infringe those principles of liberty for which we are gloriously fighting." [6]

If an historian were to sum up what we have learned from the long history of wage and price controls in this country and in many others around the world, he would have to conclude that the only thing we learn from history is that we do not learn from history.

As America's first economist, Pelatiah Webster, observed when describing the effects of the unhappy experiment with economic controls during our War of Independence, "It seemed to be a kind of obstinate delirium, totally deaf to every argument drawn from justice and right, from its natural tendency and mischief, from common sense and even from common safety [7] . . . It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and fagot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws." [8]

FOOTNOTES

[1] Bolles, Albert, *The Financial History of the United States*, New York, 1896, vol. 1, pp. 165–66.
[2] *Ibid*, p. 166.
[3] *Ibid.*, p. 173.
[4] Bourne, Henry, "Food Control and Price-Fixing in Revolutionary France," *The Journal of Political Economy*, March 1919, p. 208.
[5] Bolles, *op. cit.*, p. 159.
[6] *The Connecticut Courant*, May 12, 1777.
[7] Webster, Pelatiah, *Political Essays*, Philadelphia, 1791, p. 129.
[8] *Ibid.*, p. 132.

SENATE—*Monday, April 8, 1974*

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

PRAYER

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

O God, our Father, may this Holy Week teach us anew the power of redemptive love and the way of the cross. May all who follow the Redeemer observe these days of sacred memory in the spirit of heart-searching and holiness, of humility and penitence, of love and adoration and gratitude. Give us grace to yield our lives to the way of self-giving and sacrifice. May we ever be true to ourselves and true to Thee even though it leads to a cross of rejection and pain. While we work may we worship and ever love Thee with our whole heart and mind and soul and strength.

Through Him who died for the sins of the world. 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., April 8, 1974.

To the Senate:

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

JAMES O. EASTLAND,
President pro tempore.

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

THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, April 5, 1974, be dispensed with.

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

WAIVER OF THE CALL OF THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the call of the legislative calendar, under rule VIII, be dispensed with.

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

COMMITTEE MEETINGS DURING SENATE SESSION

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

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

CONSIDERATION OF MEASURES ON THE CALENDAR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendars Nos. 742 and 743.

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

AMENDMENT OF CERTAIN LAWS AFFECTING THE COAST GUARD

The Senate proceeded to consider the bill (H.R. 9293) to amend certain laws affecting the Coast Guard, which had been reported from the Committee on Commerce with amendments on page 4, after line 12, strike out:

(10) Section 657 is amended—

(A) by deleting from the catchline the semicolon and the words following "children";

(B) by designating the existing section as subsection (b); and

(C) by inserting a new subsection (a) as follows:

"(a) Except as otherwise authorized by the Act of September 30, 1950 (20 U.S.C. 236–244), the Secretary may provide, out of funds appropriated to or for the use of the Coast Guard, for the primary and secondary schooling of dependents of Coast Guard personnel stationed outside the continental United States at costs for any given area not in excess of those of the Department of Defense for the same area, when it is determined by the Secretary that the schools, if any, available in the locality are unable to provide adequately for the education of those dependents.".

On page 5, at the beginning of line 5, strike out "(11)" and insert in lieu thereof "(10)".

On page 5, at the beginning of line 16, strike out "(12)" and insert in lieu thereof "(11)".

On page 5, beginning with line 18, strike out:

(B) by amending item (section) 657 to read: "657. Dependent school children.".

On page 5, at the beginning of line 19, strike out "(C)" and insert in lieu thereof "(B)".

On page 6, at the beginning of line 1, strike out "(13)" and insert in lieu thereof "(12)".

On page 6, at the beginning of line 4, strike out "(14)" and insert in lieu thereof "(13)".

On page 6, at the beginning of line 13, strike out "(15)" and insert in lieu thereof "(14)".

On page 6, at the beginning of line 19, strike out "(16)" and insert in lieu thereof "(15)".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

THE 1980 WINTER OLYMPIC GAMES AT LAKE PLACID, N.Y.

The concurrent resolution (S. Con. Res. 72) extending an invitation to the International Olympic Committee to hold the 1980 Olympic games at Lake Placid, N.Y., in the United States, and pledging the cooperation of support of the Congress of the United States, was considered and agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, reads as follows:

S. CON. RES. 72

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

Whereas Lake Placid in the town of North Elba, County of Essex, and State of New York, has been designated by the United States Olympic Committee as the United States site for the 1980 winter Olympic games, and

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

Whereas it is the consensus of the Members of the Congress of the United States that the designation by the International Olympic Committee of Lake Placid in the town of North Elba, Essex County, New York, as the site of the 1980 winter Olympic games would be a great honor for all of the people in the United States: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the International Olympic Committee be advised that the Congress of the United States would welcome the holding of the 1980 winter Olympic games at Lake Placid in the town of North Elba, county of Essex, and State of New York, the site so designated by the United States Olympic Committee; and be it further.

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

TRIBUTE TO SARAH McCLENDON

Mr. MANSFIELD. Mr. President, I ask unanimous consent that an article which was published in the New York Post on Saturday, April 6, 1974, entitled "Keeping After Those Presidents," written by Jerry Tallmer, be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. MANSFIELD. Mr. President, this article has to do with Sarah McClendon who, I think, has been a determined reporter, who has asked very tough questions, and who has not been given the recognition which I think is her due.

Therefore, I am delighted at this time to have this article printed in the RECORD. I am only sorry that I do not have the letter which Eileen Shanahan wrote to her newspaper, the New York Times, in defense of Mrs. McClendon.

The article follows:

EXHIBIT 1

KEEPING AFTER THOSE PRESIDENTS

(By Jerry Tallmer)

WASHINGTON.—President Eisenhower used to turn purple with rage at her questions, not least on the subject of his dedication to golf. President Kennedy, on the other hand, used to turn to ice. At one of his press conferences, rather than recognize her repeated demands for the floor, he pointed through her, beyond her, above her, right of her, left of her, to other correspondents.

President Nixon has had his problems, too, with leather-lunged Sarah McClendon of Texas. But many thought he gave as good as he got, and perhaps a little bit more, at a televised press conference six weeks ago. "You have the loudest voice," he said, recognizing Mrs. McClendon amid a clamor of cries of "Mr. President!"

"Good," said Mrs. McClendon forthrightly. "Thank you, sir." Seizing the reins, she cantered on. "I don't think you're fully informed about some of the things that are happening in the government in a domestic way. I'm sure it's not your fault, but maybe the people you appointed to office aren't giving you right information. For example, I just discovered that the Veteran's Administration has absolutely no means of telling precisely what is the national problem regarding the payments of checks to boys going to school under the GI Bill . . ."

The question, if that's what it was, fell in rather curiously with the more cosmic ones being asked that evening about impeachment and the energy crisis, but Nixon undertook to answer it anyway. He was going on about how "expeditiously" such payments were being attended to by Donald E. Johnson, Administrator of Veterans Affairs, when Sarah McClendon bellowed:

"He is the very man I'm talking about. He's not giving you the correct information . . . He has no real system for getting at the statistics on this problem."

"Well," said the President, "if he isn't listening to this program, I'll report to him just what you've said." And then, with a light smile: "He may have heard even though he wasn't listening to the program."

The incident provoked Eric Sevareid, a little later that night, to refer on CBS-TV to Mrs. McClendon as "this lady who has been known to give rudeness a bad name," and two days later The New York Times devoted an entire editorial to the "boorish behavior" of the lady. Elsewhere in the same paper, however, there appeared the news that on the afternoon following the press conference, Don Johnson of the VA had conceded "we simply don't have" the information Mrs. McClendon was calling for.

Then, last Sunday, in his radio address on veterans' affairs, the President went out of his way to say the following: "Some of you may recall that in a recent White House press conference, one of the most spirited reporters in Washington, Sarah McClendon of Texas, asked me why some veterans studying under the GI Bill were not receiving their government checks or were receiving them long after they were due. That was a good question . . . And due in large part to Mrs. McClendon and others who have brought problems to our attention, the Veterans Administration is now engaged in a major effort to improve their operations."

Sarah McClendon entered those words in her file labeled "Mission Accomplished." And next to them she tucked the clipping of a letter to the editor of The New York Times. It said Mrs. McClendon deserved "appreciation, not condemnation, for the questions she has asked Presidents over the years," and concluded: "Mrs. McClendon is reviled, I fear, largly because so many people find tough-mindedness in a woman an unattractive trait. A man who had asked the same questions as Mrs. McClendon would not be criticized by the Times." The writer: Eileen Shanahan, Washington correspondent of the Times.

"Brave of her," said Sara McClendon in the middle of a harrowing day in Washington—the day after the announcement of Nixon's tax delinquency. "I went to 3:30 this morning," she said, meaning worked till then, and had just now come away from a turbulent midday White House briefing—"They're all rlled up"—followed by broadcasts to two of her outlets. Over the years she has represented a varying string of newspapers and radio and TV stations, mostly in Teaxs and New England, which once inspired Eisenhower to ask her before all her colleagues: "Do you get fired every week and join another paper the next week?"

Mrs. McClendon threw back her coat to reveal several ropes of pearls and beads and stuff, as well as her eyeglasses dangling from a chain upon the front of her green dress. She is a short, ample woman with blue eyes and vaguely reddish hair; in the early years she was invariably described as "petite."

She ticked off her 10 present outlets, leading with three Texas papers: the El Paso Times, the Sherman Democrat, the Temple Telegram, "I've had those three clients since 1946. That's pretty good, isn't it? I always say I don't have enough. I need more. I'm very small potatoes. A lot of people wouldn't take these little piddling jobs, but I put them all together and made a living of it for myself and my daughter. And it kept me independent."

Incidentally, she's no longer affiliated with the Manchester (N. H.) Union-Leader, the arch-conservative William Loeb paper that printed the phony Muskie "Canuck" letter. "Loeb never did tell me how to write, and never asked me to do any of his dirty work, but I'm glad I don't work for him now."

Sarah McClendon is out of Tyler, an East Texas town between Dallas and Shreveport.

"I'm the youngest of nine, and there are eight of us living and I'm 63, be 64 in July, and that's pretty good. All cussed, rugged people who all help each other."

Sidney Smith McClendon, her father, of "good, solid, honest, staunch Scotch stock," was a piano merchant and owner of a stationery store, Annie Rebecca Bonner McClendon, her mother, a Southerner with English blood, took Sarah at the age of 6 to suffragette speeches and rallies.

"Wonderful people. My father would walk home a couple of miles with toys on Christmas eve, to keep the kids from knowing. He pushed me, gave me drive, telling me it was contacts that count, that I should go on, should get out and meet people.

"When he was 11 he marched in a parade with signs saying: 'Democrats, Ain't You Happy?'—because Reconstruction had just been voted out. My family nearly starved to death during Reconstruction. My people were born right after the Civil War. I've known several slaves who were owned by my family. And," said Mrs. McClendon reflectively, "I'm very conscience-stricken that we owned them."

The wolf was never far from the door during her own girlhood. "It's very hard being poor. Not that I'm not still. But people then, in that part of Texas, were *very* poor. There was no oil money, and there was this craving for industry and for agricultural revolution. Then, when I was 'grown-up' and a reporter, there came an oil boom, with all its greed and cruelty and arrogance. It's fascinating to cover an oil boom. It helped me with this recent energy crisis."

It was with the assistance of her brothers and sisters that Sarah "managed to get through two years of Tyler Junior College." Then she went to work in a bank "and borrowed the money to go to the University of Missouri School of Journalism," from which she was graduated in 1931.

"I started to go to Chicago, but I was too timid and too frightened to do that. So I called Carl Estes, publisher of the Tyler Courier-Times, and he said: 'Come on down tomorrow.' I went to work for him at $10 a week—crusading to get a new hospital. I think you should crusade, don't you? And Estes, who's dead now, was a crusading editor." But when, in 1939, she "made a speech about fascist chambers of commerce," the paper was forced to fire her.

For the next several years she developed a stringer service for other Texas newspapers. When World War II arrived she promptly joined the Women's Army Corps as a buck private, feeling she owned it to the two brothers she'd seen go off to World War I. "I must have been 7 or 8 then, and I saw how it broke the family. A small child in a big family—I guess I observed more than they realized. You can't imagine what 'going overseas' meant to an inland family. Just terrifying."

The WAC put her in public relations—she'd wanted intelligence—and sent her to Washington in 1943. That year she married salesman John Thomas O'Brien, who is now also among the dead.

"He left me before my child was born. I got out of the Army in 1944, and nine days after she was born I got a job in the National Press Building, working for Bascom M. Timmons who has a number of papers.

Such a kind man—he would have died if he'd known I had a nine-day baby back home. I remember having to have someone open those heavy doors. His assistant, his underling, said to me: 'You won't be here long.'" Sarah McClendon let it lie there, and then said: "I was just blessed. Wasn't I blessed?"

Though nominally Mrs. O'Brien, Sarah McClendon prefers to be called Mrs. McClendon. "Emily Post would say you have to say 'Miss,' but who the hell cares about Emily Post?" Her daughter Sally is today Mrs. David McDonald, wife of a Canadian correspondent based in London and mother of Allison McClendon Jones, product of an earlier marriage.

"Sally was my copy girl and cub reporter at Capitol Hill, a brilliant girl. She had so much of it, she said: 'Mother, I'm retiring from politics at 22.' And my granddaughter, she'll be 5 next week and she's a chip off the old block. She'll be better, stronger. My daughter's much better, stronger than me, and Allison will be better than that. They do get better, you know."

It was time to talk about some Presidents.

"I started with Roosevelt, of course. I could see he was a very sick man, his fingers fumbing behind his desk.

"Then Truman. I don't recall too much of his press conferences.

"Eisenhower. You had to educate Eisenhower when you were asking your question. Well, you have to with all Presidents, this country's so big and there's so much to know, but you *had* to do this with Ike."

Kennedy. "I had a feeling that he was starting a lot of things and not finishing others, and this worried me. But you couldn't help but like him."

Lyndon Johnson. "Oh gosh." Mrs. McClendon's hand flew to her throat. "We had a very long relationship, and for a while were like brother and sister. But the first time I met him—he was a Congressman—he shook his finger in my face and started screaming to me about a story I'd done on oil. He wanted me to take it back—and I wouldn't.

"The thing about Lyndon Johnson is that if you displeased him, there could be repercussions. I've seen it on me and on others." Such as? "Well, he could make you lose papers, for one thing."

It was not Mrs. McClendon's shining hour when, back in the Kennedy era, she hurled accusations of "security risks" at a couple of State Dept. officials against whom there was no such case. However, she has pretty much stopped doing things like that.

What never stops is the pounding of her questions. (She seized or was granted the floor 49 times during the 55 press conferences of Eisenhower's first two years.) Nor does she think her questions are trivial.

"When I asked Eisenhower if he'd gotten permission from Congress before sending the Marines to Lebanon, TRB wrote in The New Republic: 'Sarah McClendon may have changed history with her question'—one which Eileen Shanahan in her letter to the Times said 'does not look silly or frivolous now.'"

It was 11 years ago that Mrs. McClendon organized a Press Briefing Group with the object of getting more women to ask questions. "We have men in it now, too. For the longest time there were only about three to five women who asked questions. There are more now who at least *try* to get their questions in."

And it was 30 years ago she first sought entry into the National Press Club. For 27 years that privilege was denied her. When they finally took her in, gave her a badge, a meal, Sarah McClendon . . . wept.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

Mr. TALMADGE. Mr. President, will the distinguished majority leader allow me to proceed for a few minutes at this time?

Mr. MANSFIELD. I yield to the Senator from Georgia (Mr. TALMADGE) and will hold my 5 minutes until later.

The ACTING PRESIDENT pro tempore. The Senator from Georgia is recognized.

AMENDMENT NO. 1154 AS MODIFIED

Mr. TALMADGE. Mr. President, in response to questions regarding the scope of my amendment No. 1154, I send a modification of that amendment to the desk and ask that the amendment, as modified, be printed.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The amendment will be received and printed and will lie on the table.

Mr. TALMADGE. Mr. President, my modification simply inserts after the words "no person" in the original amendment the words "affiliated with a political election campaign." The purpose of this modification is to clarify a vital point raised in last week's flood discussion of my amendment and brought to my attention this weekend by members of the Georgia press. My amendment is not intended to inhibit or, for that matter, even cover good-faith reporting of campaign news by employees of newspapers, periodicals, and other news publications. The amendment, as modified, makes this clear and, in fact, goes even further and applies only to persons affiliated with political election campaigns.

Nevertheless, the amendment may still be open to other interpretations and, since this would be a criminal statute, no questions about its scope can be left unanswered.

For this reason, I feel we must explore the need for further perfection of the language of my amendment. Unfortunately, the time strictures involved in consideration of the campaign reform bill do not allow adequate time for this. I remain undeterred in my desire to stop once and for all the types of "dirty tricks" practiced during the 1972 Presidential election campaign in which candidates were willfully and falsely accused of deviancy, insanity, bigotry, and other reprehensible acts and traits. However, because of the considerations I have mentioned, I feel that the Senate should defer action in this area at this time. Accordingly, I ask unanimous consent that I be permitted to withdraw my amendment.

THE ACTING PRESIDENT pro tempore. Without objection, the amendment as modified is withdrawn.

Mr. CRANSTON. Mr. President, will the Senator from Georgia yield?

The ACTING PRESIDENT pro tempore. Time is under the control of the distinguished majority leader.

Mr. MANSFIELD. I reserve the right to my 5 minutes and yield to the Senator from California.

Mr. CRANSTON. I thank the distinguished majority leader.

I should like to state that I fully concur with the objectives of the Senator from Georgia. I am delighted that he has agreed not to press his amendment at this point until very careful consideration can be given to it, because there were reasons to be concerned, that it might be used to harass candidates, to harass the press, or to harass people who wrote letters to the press, and so forth. It probably would be very difficult to achieve prosecution successfully under the Senator's amendment but it would not be difficult for people successfully to harass candidates, including Members of Congress. The objectives of the amendment are valid and I am delighted that we will have ample time under the procedure the Senator has outlined, to consider all the ins and outs later on.

Mr. TALMADGE. I thank the distinguished Senator from California and concur fully with what he has just stated.

MESSAGES FROM THE PRESIDENT

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

REPORT ON AERONAUTICS AND SPACE ACTIVITIES—MESSAGE FROM THE PRESIDENT

THE ACTING PRESIDENT pro tempore (Mr. NUNN) laid before the Senate a message from the President of the United States, which, with the accompanying report, was referred to the Committee on Aeronautical and Space Sciences. The message is as follows:

To the Congress of the United States:

I am pleased to transmit this report on our Nation's progress in aeronautics and space activities during 1973.

This year has been particularly significant in that many past efforts to apply the benefits of space technology and information to the solution of problems on Earth are now coming to fruition. Experimental data from the manned Skylab station and the unmanned Earth Resources Technology Satellite are already being used operationally for resource discovery and management, environmental information, land use planning and other applications.

Communications satellites have become one of the principal methods of international communication and are an important factor in meeting national defense needs. They will also add another dimension to our domestic telecommunications systems when the first of four authorized domestic satellite systems is launched in 1974. Similarly, weather satellites are now our chief source of synoptic global and local weather data. Efforts are continuing to develop capabilities for worldwide two-week weather forecasts by the beginning of the next decade. The use of satellites for efficient and safe routing of civilian and military ships and airplanes is being studied. Demonstration programs are now underway aimed at improving our health and age techniques.

Skylab has given us new information on the energy characteristics of our sun. This knowledge should help our understanding of thermo-nuclear processes and contribute to the future development of new energy sources. Knowledge of these processes may also help us understand the sun's effect on our planet.

Skylab has proven that man can effectively work and live in space for extended periods of time. Experiments in space manufacturing may also lead to new and improved materials for use on Earth.

Development of the reusable Space Shuttle progressed during 1973. The Shuttle will reduce the costs of space activity by providing an efficient, economical means of launching, servicing, and retrieving space payloads. Recognizing the Shuttle's importance, the European Space Conference has agreed to construct a space laboratory—Spacelab—for use with the Shuttle.

Notable progress has also been made with the Soviet Union in preparing the Apollo-Soyuz Test Project scheduled for 1975. We are continuing to cooperate with other nations in space activities and sharing of scientific information. These efforts contribute to global peace and prosperity.

While we stress the use of current technology to solve current problems, we are employing unmanned spacecraft to stimulate further advances in technology and to obtain knowledge that can aid us in solving furture problems. Pioneer 10 gave us our first closeup glimpse of Jupiter and transmitted data which will enhance our knowledge of Jupiter, the solar system, and ultimately our own planet. The spacecraft took almost two years to make the trip. It has traveled over 94,000 miles per hour—faster than any other man-made object—and will become the first man-made object to leave our solar system and enter the distant reaches of space.

Advances in military aircraft technology contribute to our ability to defend our Nation. In civil aeronautics, the principal research efforts have been aimed at reducing congestion and producing quieter, safer, more economical and efficient aircraft which will conserve energy and have a minimum impact on our environment.

It is with considerable satisfaction that I submit this report of our ongoing efforts in space and aeronautics, efforts which help not only our own country but other nations and peoples as well. We are now beginning to harvest the benefits of our past hard work and investments, and we can anticipate new operational services based on aerospace technology to be made available for the public good in the years ahead on a routine basis.

RICHARD NIXON.

THE WHITE HOUSE, *April 8, 1974.*

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination on the Executive Calendar under the Department of Agriculture.

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

The ACTING PRESIDENT pro tempore. The nomination on the Executive Calendar, under the Department of Agriculture, will be stated.

DEPARTMENT OF AGRICULTURE

The second assistant legislative clerk read the nomination of Richard L. Feltner, of Illinois, to be an Assistant Secretary of Agriculture.

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

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be notified of the confirmation of this nomination.

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

LEGISLATIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to, and the Senate resumed the consideration of legislative business.

WATERGATE

Mr. MANSFIELD. Mr. President, 1 year of Watergate is too much; 1 day of Watergate is too much, but the issue will have to run its course. It would be my hope that the Senate Select Committee on the Watergate and related matters would be able to complete its business by May 28 and, at that time, it would turn over the evidence accumulated and its recommendations to Special Prosecutor Leon Jarworski on the one hand, and the House Judiciary Committee on the other.

At the same time, I would hope it would make whatever legislative recommendations it feels necessary to the Senate for consideration. In my opinion, the Special Prosecutor and the courts are doing the job and doing it well. I note that Mr. Jaworski stated that it would take several years to clear the Watergate and related matters through the courts. The House Judiciary Committee is doing its job extremely well and the lack of leaks out of that committee is a most encouraging sign. I would hope that the White House and the committee would get together on the differences which are keeping them apart and arrive at a satisfactory accommodation so that the Judiciary Committee could get on with its hearings and make its judgment known to the House at the earliest possible date.

I have noticed with some concern that polls of various kinds have been taken as to how the Judiciary Committee stands and even how individual Senators stand on this matter, before all the evidence is presented, either to the committee or to the Senate. There have also been editorials and commentaries on the issue of impeachment by the House and a trial by the Senate which, I think, anticipates the question. Some Members of Congress have advocated resignation by the President. None in the Senate that I know of have suggested impeachment. My position on the question of resignation is well known; it is a question which will be decided by the President and the President alone. All this is being bruited about before the issue is directly presented, either to the House or the Senate, in any constitutional form.

The questions we should ask ourselves are as follows:

Are we being impartial in fact and appearance?

Are we aware of our responsibilities, potential, and possibly real?

Are we shunting aside the basic principles of law which presumes the innocence of the accused until found guilty?

Is the media living up to its responsibilities in "telling it as it is," on the basis of corroboration, research and source material, or is it interpreting the news to support a point of view? Basically, I think the press, overall, is doing an excellent job.

Are we exercising restraint and patience? In my view, I think the Senate, by and large, is.

Are we—all of us—too emotionally involved? In my judgment, I think we are involved, because one cannot follow the media, the court proceedings, and the Watergate hearings without being concerned.

Are too many of us saying, "The votes are there in the House of Representatives"? In my opinion, no one really knows; certainly, I do not, and no one will know until and unless a vote is taken in the House on the issue involved.

If and when the issue reaches the Senate, and no one can answer the question at this time, what should the procedures in the Senate be? Should the hearings be televised? Should new rules to fit the issue be adopted? In my opinion, I think serious consideration should be given to the televising of any proceedings which might occur in the Senate. Extraordinary historical significance does not alone justify television. More important, the American people should see the totality of evidence when and if it is presented to the Senate so that when each Senator makes his final judgment of guilty or not guilty, the American people will be fully apprised of the basis of that judgment. I think this will be very important to assure the acceptance of the judgment by the Senate, if it should come to us, whatever it may be. However, this is a matter which will have to be decided, if and when the issue comes to the Senate, and the decision will be made by the Senate as a whole, after giving full consideration to the views of all persons involved.

As far as procedures are concerned, it would be my intention to discuss this matter, if and when it comes before the Senate, with the Republican leader, the Senator from Pennsylvania (Mr. HUGH SCOTT), and to lay before him the proposition that there be a meeting of the full Senate in executive session to seek to make the proceedings as impartial and nonpartisan as possible.

As far as the Democratic leadership is concerned, it has at all times tried to work in accord with the President to the end that the responsibilities of the executive and legislative branches under the Constitution would be carried out. It is well to keep in mind that while we are all transients insofar as the Presidency, on the one hand, and the institution of the Senate and the Congress on the other, are concerned, it is the office of the Presidency and the Congress which are permanent, continuing, and enduring. As long as a Senator holds his office, he has all the responsibilities that go with that office, and the same applies to a President.

I ask unanimous consent that an editorial in the Wall Street Journal by someone who "paid a visit to Washington, D.C., in the last few days and came away wondering if the President of the United States could get a fair trial in our Nation's Capital," be printed in the RECORD at the conclusion of my remarks.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. (See exhibit 1.)

Mr. MANSFIELD. While this editorial accurately expresses a headline in the local press of a few days ago, and inaccurately what was reported in the body of the same story as it applies to me, I think there is considerable food for thought in the writer's comment. I would also point out, however, that there are dangers in equating a court trial with an impeachment proceeding. If the Founding Fathers thought that they were the same thing, they would have made the place of venue the Supreme Court, not the Senate.

EXHIBIT 1

A CHANGE OF VENUE

We paid a visit to Washington, D.C., in the last few days and came away wondering if the President of the United States could get a fair trial in our nation's capital. The city seems so totally in the grip of Watergate fever that those elected representatives who will soon be sitting in solemn judgment of the President appear to have lost control of events, and are in danger of being swept along by an impeachment machine that could turn the proceedings into a lurid Roman circus.

What seems to be happening is that Congress is demonstrating how difficult it is to suspend judgment, to presume the innocence of the accused before the taking of evidence, testimony and cross-examination. By its example it reveals why the law courts of the Western democracies for centuries have deemed the formalities and rituals of a criminal proceeding to be of such paramount importance. There is now no one in Congress, Democrat or Republican, urging even minimal rules of conduct for the juries and the judge, and the system of justice that the people provide the lowest and the highest is being suspended because Richard M. Nixon is in the dock.

We see members of Congress routinely predicting the President will quit sooner than face the music. We see them openly announcing their intention to impeach, even before they know what the charges will be, if indeed there are charges. Senate Majority Leader Mansfield and Wilbur Mills of the House blithely predict there are enough votes in the House to impeach, which can only be described as bandwagon politics. Jimmy the Greek, the Las Vegas oddsmaker, conducts a private poll to detect which way members are leaning and, incredibly, gets responses. The franking privilege is being used to promote grass-roots impeachment petitions. And all over Capitol Hill there are lists being drawn up of Senators "likely" to convict and "likely" to acquit.

It's as if, during the trial of the "Chicago Seven," the jurors were permitted to pop up periodically to excoriate the defendants, Jimmy the Greek allowed in the jury box to conduct a running poll of sentiment that he could flash back to Vegas, and Judge Julius Hoffman allowed to collect petitions for conviction that he could lay before the court.

In a criminal proceeding, there is good reason why the defense is allowed to participate in jury selection, challenging prospective jurors it believes would be prejudiced. There's good reason, in a sensational case involving a heinous crime, for the judge to order a change of venue when his court is overwhelmed by passion. And there's good reason, when an untarnished jury can be found in such a case, to sequester it from outside influence during the trial.

Of course, all these precautions are impossible in an impeachment proceeding. The President can't help pick his jury. Congress can't be sequestered from the influences of the press. And Capitol Hill can't be moved to Cedar Rapids or Salt Lake City. Nor should any of these things be done even if it were possible.

But this makes it all the more important that Congress get a grip on itself and agree on formalities and rituals appropriate to a Grand Inquest, to require rules of conduct that will have the effect of changing venue from a court ruled by passion to one composed.

The Mansfields, Scotts and Alberts cannot simply wash their hands of responsibility, arguing they have no authority to impede the free speech or activities of freely elected Congressmen. If Congress would agree to rules of conduct, its leaders would per force have the power to at least verbally censure transgressors. The mere existence of a code, where there is none now, would provide a sobering frame of reference for the great majority in Congress who would otherwise say or do anything because of the provocative climate that prevails.

And if the leaders of Congress can't bring themselves to regain a semblance of control over these events, at least individual members of the House and Senate can make personal commitments to contribute nothing to the carnival that encroaches. Those who have already allowed themselves to slide can begin straining mightily to suspend judgment, elbowing aside the oddsmakers and pollsters and asking their staffs to do the same. They can begin too by resisting the outrage or resentment they might feel over the way the accused insists on his rights and loudly proclaims his innocence.

If this be done, it will be possible for the President of the United States to get a fair trial in Washington, D.C., and however he is ultimately judged the American people will be able to say that justice was done.

Mr. HUGH SCOTT. Mr. President, I will have more to say at a later time, because this suggestion has just been advanced by the distinguished majority leader. I will be glad, of course, to confer with him at any time on any matter that pertains to the Senate business, if, as, and when there appears to be reason to believe that it will become Senate business.

I very much fear that the statement of the distinguished majority leader may not be brought to the attention of the American people with the full force of what he has said, because perhaps the news value, at first blush, is that he has suggested that the proceedings be televised. At this point, I am not prepared to make any statement on that. But he has said a great many more important things than that, if we can get them noted—brought to public notice.

For example, he has said that editorials and commentaries on the issue of impeachment by the House and also by the Senate anticipate the question. He has said something that both he and I have continually said, and I get the impression that we are simply talking into a high wind each time we say it. But he has said it again, and I repeat it:

Are we shunting aside the basic principle of law which presumes the innocence of the accused until found guilty?

He has also cautioned against Members of this body saying that the votes are there in the House of Representatives, and he has pointed out that he does not know—and he questions whether others know, unless and until a vote is taken in the House. I agree with that. Any estimate that I have heard from over there is subjectively expressed by the person who tells me. Some people say the votes are not there; some people say they are.

I think that when the Senate intervenes in the affairs of the House by prognostication and projection of something it really does not know anything about, because it must get into the minds of 435 people and come out at the other end with an answer, this is a disservice to the process.

The distinguished majority leader also says that the American people should see the totality of the evidence, when and if it is presented to the Senate.

I stress again, "when and if" so that this statement of the majority leader will not be treated as an assumption that the proceedings will occur before the Senate, but he has been most careful in his fairness, as he is always so fair, to stress the "when and if."

He said so far as the proceedings are concerned, if and when, he will discuss these matters with me and, of course, an executive session would seem to be in order for that purpose. I would be inclined to agree personally. I think it is a matter for my party and the majority leader's party to determine whether or not an executive session is desired. I would say in this first instance it would seem to me that would be the best way to consider a situation rather than to try it in the newspapers or make statements on the floor which do not represent considered judgments.

Now, we can head in one of two directions, or pursue, as the Senate has tried to do generally, a middle course. The

middle course, it seems to me, ought to steer us very much closer to one of the polarities than the other, and the one polarity would be a total and complete impartiality, an absence of any partisan fervor, and a full and dispassionate, as well as compassionate approach to any problem that comes to us, if and when it does.

The other polarity would be an excess of party fervor, as in the Johnson matter, leading to the allegation that the election of 1972 was stolen in 1974. That was we must avoid at all cost. We must avoid the partisanship which might arise if the parties divide in the consideration of this matter in such fashion as to lend credence to a public assumption of that awful and intolerable conclusion.

On the other hand, it is impossible for humanity and human nature to be totally and completely dispassionate and impartial. I suggest that this is the time for us to consider that that is where our duty lies.

I will have more to say later.

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

Mr. HUGH SCOTT. I am glad to yield to the distinguished majority leader.

Mr. MANSFIELD. Speaking as the majority leader, I want to assure you that if and when the issue comes to the Senate there will be as little partisanship as possible, and as far as I am concerned, I would hope there would be none.

Furthermore, if and when the issue comes to the Senate, and we will never know until the House decides one way or the other—negatively it will not; affirmatively it will—then, I would point out, the Senate itself will also be on trial. I would point out further that while this Senate, if and when the issue comes to this body, renders a verdict, the final jury and the final judge will be out there among the people who elect us, because, after all, when we speak of the Government of the United States, we speak of the people of this Republic, and they are the final arbiters. They will watch us carefully as they should.

May I say in passing that when an issue of this nature comes to the Senate and is to be televised, that would be subject to the approval of the Senate as a whole. I am expressing a personal opinion that there will be no circus, that there will be nothing in the way of hanky-panky, because I would expect and anticipate without question that every Senator would act with the greatest dignity and circumspection, and that there would be no hamming on the part of any Member of this body, if it happens to turn out that way, that the proceedings, if and when the question comes to this body, are televised.

Mr. HUGH SCOTT. Therefore, justice must not only be done; justice must seem to have been done. Fiat Justitia must be the guideline if and when this happens, and finally woe unto those who seek to act on other than the facts and evidence.

MESSAGE FROM THE HOUSE— ENROLLED BILLS SIGNED

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the Speaker had affixed his signature to the following enrolled bills:

H.R. 12253. An act to make certain appropriations available for obligation and expenditure until June 30, 1975, and for other purposes; and

H.R. 12627. An act to authorize and direct the Secretary of the Department under which the U.S. Coast Guard is operating to cause the vessel *Miss Keku*, owned by Clarence Jackson of Juneau, Alaska, to be documented as a vessel of the United States so as to be entitled to engage in the American fisheries.

The enrolled bills were subsequently signed by the Acting President pro tempore (Mr. NUNN).

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 not to exceed 30 minutes, with statements limited therein to 5 minutes.

MILITARY AID TO SOUTH VIETNAM

Mr. SYMINGTON. Mr. President, an article in the press last Friday reporting on the House action that denied increase in the $1.126 billion ceiling on military aid to South Vietnam stated:

On the other side of Capitol Hill the Senate Armed Services Committee had voted Wednesday to allow the administration $266 million more.

That statement, without any further explanation, is misleading; and I would take this opportunity to set the record straight.

The Senate Armed Services Committee voted unanimously to hold the military assistance service funded—MASF—program to the same $1.126 billion ceiling as previously enacted by Congress for fiscal year 1974; and now reinforced by the vote last week in the House.

In addition, the Senate Armed Services Committee voted to include language in their report on this bill which would direct the Department of Defense to straighten out the reporting of obligations for fiscal year 1974; and also to hold to the current ceiling of $1.126 billion.

Research on the part of the committee staff had revealed that the Defense Department was reporting obligations for ammunition on a statistical basis, rather than on the basis of actual orders or deliveries; and as a result, a $266 million obligation was reported during fiscal year 1974 for ammunition actually delivered to South Vietnam in either fiscal year 1972 or fiscal year 1973.

This totally artificial accounting system reduced the real amount of support available in fiscal year 1974; therefore, the Defense Department can actually obligate only $860 million under this current ceiling of $1.126 billion.

Allowing Defense to delete the $266 million from the obligations reported in fiscal year 1974 for statistical purposes only will permit them to obligate close to the level obligated for in the first three quarters of fiscal year 1974; also to carry out the original intent of the Congress when it authorized obligations up to $1.126 million.

I would stress that this proposal does not authorize any new funds for fiscal year 1974. It only allows the Defense Department to utilize already authorized and appropriated, but unobligated, funds up to the established ceiling in question.

JUSTICE WHITEWASHES FITZGERALD AFFAIR

Mr. PROXMIRE. Mr. President, more than 5 years ago A. Ernest Fitzgerald testified before the Joint Economic Committee regarding huge cost overruns, in the acquisition by the Air Force of a giant cargo plane—the C–5A. A major effort was made by the Air Force to prevent Fitzgerald from testifying. First he was warned not to appear, then he was not to prepare written testimony.

Following his testimony revealing for the first time that the plane was to cost $2 billion more than official estimates, he was subjected to a campaign of abuse and harrassment that boggles the mind. Within 12 days of his testimony his career tenure had been revoked after a so-called computer error was discovered. A submission he made to the Joint Economic Committee was doctored without his knowledge. He was given the most menial tasks to perform. He was falsely accused of leaking confidential documents to the Congress. He was the subject of a rigged security investigation. And finally the ultimate sanction was applied. He was fired.

Recognizing that these retaliatory acts resulted from Fitzgerald's sin of committing the truth before a committee of the Congress I urged the Justice Department to proceed to prosecute the guilty under the criminal code. Specifically I referred to title 18, United States Code, section 1505, which makes a crime punishable by a fine of up to $5,000 and/or imprisonment for not more than 5 years to threaten or injure a congressional witness.

The response on the part of the Justice Department was an act of foot dragging that makes the unfolding of the Watergate story seem a model of speed. From November 22, 1969, to December 12, 1973, the Department delayed, postponed, and put off any action in the case. First they argued that they would await the results of a Civil Service Commission proceeding that Fitzgerald was bringing to regain his job. This decision was made after a study that consisted of looking at testimony presented before the Joint Economic Committee and considering evidence presented voluntarily by the Air Force Department. No effort was made to conduct an independent investigation.

The Department then participated in a maneuver that delayed the final resolution of the civil service case for at least 2 years by appealing a lower court decision that the Civil Service Commission hearing should be an open one.

Finally the Department wrote to me on December 12, 1973, saying, in effect, that the testimony presented at the Civil Service Commission proceeding did not

justify any further action to enforce the criminal sanctions against interfering with a congressional witness. This letter followed on the heels of the Commission's decision to restore Fitzgerald to his job.

The Commission's final decision in the Fitzgerald case clearly showed that then Air Force Secretary Seamans has falsely accused Fitzgerald before a congressional committee of leaking classified information. It also demonstrated that Gen. Joseph Cappucci, former Director of the Air Force of Special Investigations, had initiated a security investigation of Fitzgerald on the basis of unfounded charges and had then proceeded to destroy information arising from the investigation that was favorable to Fitzgerald. The derogatory charges were kept in the file while proof that these charges were false was destroyed.

The civil service proceedings also indicated that the Fitzgerald affair penetrated into the White House. Secretary Seamans refused to furnish testimony on conversations he had with, or advice he received from, White House staff.

The President himself took the blame for the Fitzgerald firing at a January 31, 1973, press conference, although Presidential Press Secretary Ziegler later told the press the President had "misspoke himself."

Mr. President, the Justice Department has not only determined not to look beyond the facade of the Civil Service Commission proceedings that restored Fitzgerald to an Air Force job. It has also decided to defend the very men involved in the retaliatory acts that were inflicted on Fitzgerald in a lawsuit brought by Fitzgerald. The defendants in this suit include Dr. Seamans and General Cappucci. Included also is former Assistant Secretary of the Air Force Spencer J. Schedler who was under investigation by the Justice Department as late as December 12 for a possible violation of the Federal Corrupt Practices Act. This creates a blatant conflict-of-interest situation.

I can only conclude on the basis of the record in the Fitzgerald case that the Justice Department has, wittingly or unwittingly, become a party to a coverup of criminal behavior on a rather massive scale.

In view of the conflict of interest problem now confronting the Department as well as its apparent inability to conduct its own investigation, I have written to Attorney General Saxbe urging him to submit the case of A. Ernest Fitzgerald with all relevant material in the Department's possession, to a Federal grand jury for its consideration of possible violations of the Federal criminal code.

Unless a grand jury moves quickly to expose the sordid facts behind the attempts to destroy Fitzgerald we can forget about a civil service dedicated to truly serving the taxpayer. The moral behind the Fitzgerald story thus far is "to get along you go along."

Mr. President, the whole sorry mess demonstrates with great force the need for a truly independent Justice Department, free of the shackles of partisanship. Obviously such an independent objective agency would have long since blown the whistle on the culprits in the Fitzgerald affair. But the present Justice Department, whose interests are directly tied to the administration, has shown itself to be incapable of moving quickly and effectively to wash out this stain on the body politic. This is a textbook example of why legislative efforts to set up an independent Justice Department must succeed if we are to restore the people's faith in their Government.

One of the most persistent critics and seekers-after-truth in the Fitzgerald affair has been Clark Mollenhoff. In a March 24 column he made a compelling case that the Department of Justice is, by its behavior in the Fitzgerald affair, participating in an obstruction of justice.

I ask unanimous consent that this impressive analysis, as well as my letter to Attorney General Saxbe, be printed in the RECORD at this point.

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

APRIL 3, 1974.

HON. WILLIAM B. SAXBE,
Attorney General of the United States,
Department of Justice,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: On November 22, 1969, more than four years ago, I wrote then Attorney General Mitchell regarding the case of A. Ernest Fitzgerald, who had been dismissed from the Department of the Air Force following his testimony before the Joint Economic Committee on defense procurement policies. The Civil Service Commission has since held that Mr. Fitzgerald was "improperly separated" from the Department.

In that letter I pointed out that it was a criminal offense to threaten, influence, intimidate or impede any witness in connection with a Congressional investigation and that it was also a criminal offense to injure any witness in his person or property because of such testimony (18 U.S.C. § 1505). I urged the Department to enforce this law against those who attempted to place restrictions on Mr. Fitzgerald prior to his testimony and who took reprisals against him following that testimony.

In the words of my earlier letter "as far as this law is concerned we have a violation and a victim."

This initial correspondence was followed by what I can only term 'evasions' on the part of the Department.

On February 18, 1970, Assistant Attorney General Will Wilson wrote that the Justice Department would await the results of a Civil Service Commission proceeding. This decision was not based on any independent investigation by the Department but simply on a review of testimony presented before the Joint Economic Committee and material voluntarily submitted by the Air Force.

The Justice Department not only maintained this position for the next two and one-half years but participated in attempts to block an open Civil Service Commission hearing on the Fitzgerald case. This prolonged the final resolution of the Civil Service appeals process.

Finally Assistant Attorney General Petersen wrote to me on December 12, 1973, saying, in effect, that the testimony presented at the Civil Service Commission proceeding did not justify any further action to enforce the above-mentioned law regarding interference with witnesses before a Congressional Committee.

Apparently the Justice Department has determined not to look beyond the facade of the Civil Service Commission decision. I can only regard this as a complete whitewash.

The decision itself details a number of instances of outrageous conduct clearly intended to destroy Mr. Fitzgerald's reputation following his testimony before the Joint Economic Committee. Here are two examples taken word by word from the Commission's decision:

On May 7, 1969 Secretary [of the Air Force] Seamans testified before the House Armed Services Committee in Executive session and made several accusations against Mr. Fitzgerald.

* * * * *

Secretary Seamans testified that on the day after his May 7, 1969 testimony he learned that no security violation [by Mr. Fitzgerald] was involved; that the word "confidential" did leave an ambiguity; that some damage was done; and that it wasn't until six months later that he apologized to the Committee for his remarks being taken as a security violation.

Brigadier General Joseph J. Cappucci, former Director of the Air Force Office of Special Investigations, (OSI) testified that on May 17, 1969, OSI opened a file . . . and started a special inquiry based on conflict of interest charges made against Mr. Fitzgerald by a confidential informant . . . General Cappucci testified that when these checks came back favorable, instead of placing the favorable information in the file he closed it . . . All the favorable reports were destroyed. We find no credible explanation for OSI retaining the derogatory allegations about Mr. Fitzgerald while destroying all the results of the investigation which proved these allegations were without substance.

Clearly Civil Service Commission proceedings are no substitute for a thorough criminal investigation. For example, the Commission was sharply limited by the fact that Dr. Seamans, Mr. Schedler and Col. Pewitt repeatedly invoked executive privilege in refusing to tell all that they knew about the Fitzgerald affair.

Now the Justice Department has placed itself in a completely untenable conflict of interest situation by representing the very men whose conduct appears to have violated the criminal code in a civil suit against these individuals, including Dr. Seamans and General Cappucci, brought by Mr. Fitzgerald.

The Department is also representing Assistant Secretary of the Air Force Spencer J. Schedler while at the same time, according to Assistant Attorney General Petersen's letter to me of December 12, 1973, considering the possibility that he may have violated the Federal Corrupt Practices Act in a collateral matter.

Mr. Attorney General, I can only conclude on the basis of the record in this case that the Department has, wittingly or unwittingly, become a party to a cover-up of criminal behavior on a rather massive scale.

The effort to punish a distinguished civil servant for his testimony before a Congressional Committee may well reach into the White House. Secretary Seamans refused to furnish testimony in the Civil Service Commission proceeding on conversations he had with, or advice he received from, the White House staff. The President himself took the blame for Mr. Fitzgerald's firing in a January 31, 1973, press conference—a statement that Presidential Press Secretary Ziegler later said was in error.

In view of the conflict on interest problem now confronting the Justice Department as well as the Department's apparent inability to conduct its own investigation of the Fitzgerald affair I urge you to submit the case, with all relevant material in your possession to a federal grand jury for its consideration of possible violations of the federal criminal code.

I will be most happy to assist in any way the grand jury's investigation and I am sure that the same goes for Mr. Fitzgerald.

Sincerely,

WILLIAM PROXMIRE,
U.S. Senate.

COVER-UP STILL STANDS

(By Clark R. Mollenhoff)

WASHINGTON.—Despite the lessons to be learned from the Watergate cover-up, the Justice Department has failed to wipe out an Air Force cover-up of improper and illegal acts by the top military and civilian personnel who fired Air Force cost analyst A. Ernest Fitzgerald.

With the facts available in public records, Atty. Gen. William Saxbe should recognize that a defense against perjury and falsification of records charges in the multibillion-dollar C5A air transport scandal can become an obstruction of justice.

The genial former Ohio Republican senator should see the similarity between the Air Force claims of "executive privilege" and other arbitrary secrecy claims in the Fitzgerald case, and the White House role in the Watergate burglary and bugging.

It could be argued that there is less justification for Saxbe to permit his Justice Department to support the Air Force cover-up than there was for former White House chief of staff H. R. Haldeman and former special assistant John D. Ehrlichman to try to use the FBI and CIA to limit a full investigation of the Watergate burglary in June and July of 1972.

Certainly, in those first few days after the Watergate burglary, President Nixon, Haldeman and Ehrlichman might plead that they were unsure of the facts.

By contrast, the Fitzgerald case has been a controversy for more than five years. It started in an open congressional committee in November 1968 when Fitzgerald exposed the $2 billion in cost overruns on the C5A contract and stirred the wrath of his Air Force superiors.

The five-year ordeal of Fitzgerald is on the public record with the dirty details of Air Force generals and high civilians misusing their authority to retaliate against Fitzgerald for daring to tell the truth to Sen. William Proxmire, D-Wis.

A large part of the story has been told in congressional hearings and on the floor of the Senate in the period when Saxbe was a senator.

The Air Force's seamier activity is spelled out in a Civil Service Commission hearing that resulted in a finding that Air Secretary Robert C. Seamans Jr. had "wrongfully" used the "reduction in force" procedures to fire Fitzgerald. The Civil Service Commission has ordered Fitzgerald reinstated.

By March 1974, the Justice Department should have had time to prosecute the liars and the falsifiers who tried to frame Fitzgerald. Instead, the Justice Department is aiding and abetting a continuing cover-up in a $3 million civil damage suit that Fitzgerald has brought against those who he claims are responsible for his wrongful discharge.

Unless there is some genuine national security reason for hiding the record, the Justice Department's support of the Air Force against Fitzgerald is an obstruction of justice.

The law clearly states that it is a federal felony for any government official to retaliate against another employe for giving truthful testimony before a committee of Congress.

The record hows direct testimony as well as documentary proof to establish these facts:

Fitzgerald was warned by his superior that he should not testify on the nearly $2 billion in cost overruns on the C5A program.

Following his testimony, memorandums were circulated as to how he could be fired in the face of the law prohibiting retaliation, and in the face of warnings from Proxmire.

High Air Force civilians and military officers circulated unsubstantiated stories that Fitzgerald was a "dishonest person" involved in "conflicts of interest" and various security violations.

Four Air Force officers within the space of a few days filed secret reports against Fitzgerald alleging personal and official improprieties.

Brig. Gen. Joseph Cappuci, head of the Air Force Office of Special Investigations, admitted conducting an investigation of Fitzgerald on the basis of "vague" charges, and the July 1969 investigation established that the charges were without merit.

In the fall and winter of 1969, months after the Air Force investigation had washed out, Seamans, Spencer Schedler, deputy assistant air secretary, and various Air Force officers were still seeking to discredit Fitzgerald by whispering "security risk" and "conflict of interest" rumors.

With full knowledge that the charges against Fitzgerald had been washed out, the Air Force went through with the firing of Fitzgerald. His file was stripped of the reports that had cleared him of charges but the charges against him remained in the files.

Saxbe, busy with a new job, may not recognize the Air Force smearing of Fitzgerald as the same pattern of conduct that resulted in indictment of seven of President Nixon's political associates for obstruction of justice in the Watergate matter.

The technical term that covers the crime of failing to properly prosecute is "misprison." In the atmosphere of Watergate, Saxbe would be well advised to be diligent in his efforts to avoid neglect of his duties as the chief law enforcement officer in the nation.

Mr. PROXMIRE. 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. ALLEN. 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.

TORNADOES STRIKE CRUEL BLOWS

Mr. ALLEN. Mr. President, last Thursday the forces of nature struck a devastating blow to my home State of Alabama and to a number of other States as tremendous tornadoes moved through the land, laying waste everything before them.

At latest count, 76 Alabamians were killed, hundreds were seriously injured, thousands made homeless, and property damage of upwards of $200 million was sustained in Alabama alone.

Although the Senate was engaged in deep and serious debate on the public financing of campaign bills, the majority leader made a decision that voting on amendments to this legislation would not be held Friday. I want to express my appreciation to him for his thoughtfulness, because this gave me the opportunity to go home to be with my fellow Alabamians in their time of need.

Mr. President, over the past weekend I toured the tornado stricken area of Alabama, and feel compelled to make a report of the damage and of my impressions gained from talking with hundreds of people.

I wish to commend the distinguished Senator from North Dakota (Mr. BURDICK) for making a field trip with his subcommittee of the Public Works Committee, going into the tornado stricken area of the country, and to Congressman BOB JONES for taking his Public Works Committee into Alabama and other areas. I also wish to commend Secretary of HUD Lynn for visiting the ravaged areas throughout the country, including a visit to my home State of Alabama.

When the tornado hit Alabama, I was at my Virginia residence, but by 8:30 the next morning I had sent messages of sympathy, encouragement, and offers of assistance back to Alabama, had called on the President to declare Alabama a disaster area for Federal assistance, and had started seeking to expedite the work of Federal disaster relief agencies.

I wish to commend Chairman JENNINGS RANDOLPH for his interest and deep concern for the plight of those who lost their loved ones and who lost all of their possessions, and I commend him for seeing to it that remedial legislation is already being considered in his committee.

On Friday morning I returned by plane to Alabama to be with our stricken people, to offer encouragement and moral support and to assist in any way that I possibly could.

While I wanted to visit all who had lost loved ones or who were injured or who had lost all of their possessions, this was impossible. I was able over parts of 3 days to visit Jasper, Guin, Moulton, Tanner, Athens, Decatur, and Huntsville and inspect the damage in those areas.

I saw hundreds of houses, trailers, and business houses demolished, powerlines down, public buildings destroyed, hundreds homeless and injured, the hospitals for hundreds of miles around filled with the injured, and scores who had lost loved ones. Many had lost everything they had—their loved ones and all of their possessions.

How sad it was, how heavy my heart was. How cruel fate had been.

But then as I looked closer, my heart was uplifted. People were sad, they were dazed by the tragedy, but they were not demoralized. Everyone was helping, eager to be of service: Civil Defense, the Red Cross, the Salvation Army, the National Guard, members of the Armed Forces, State, county, and city law enforcement officers, the State labor department, pensions and security, church groups, school groups, insurance adjusters, representatives of Federal agencies, public officials and employees of State, county, city, and nation, Scouts, civic clubs, utility employees and other dedicated men, women, boys, and girls.

At central points throughout the area hundreds of people were bringing in food and clothing, and neighbors were inviting victims into their homes. Clothing and food were coming in by the truckload from kind people from without our State. I saw dozens of houses already being rebuilt or re-roofed. REA, TVA, and Alabama Power Co. personnel were restoring electric service everywhere. Temporary housing in the form of mobile homes and HUD houses, food stamps, and unemployment compensation were being made available. Offices were being set up to make long-term, low-interest-rate loans.

Never have I seen our people more united. Never have I seen a better spirit among our people. Never have I seen our people more dedicated or more determined or more willing to share, to give of their means and to give of themselves, to rise above adversity.

As I meditated on the tragedy and its aftermath I thought of the tremendous force of the tornado and of the fact that man has unleashed weapons of destruction and of great force but how puny are man's powers when compared with the forces of nature, which is but another way of saying as compared with God's power.

And I thought that if we unite naturally and automatically in the face of tragedy can we not unite as a people in tranquil, peaceful times as well?

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

DIVISION OF TIME ON CLOTURE MOTION

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the time for debate on the motion to invoke cloture tomorrow, under the rule, be divided and controlled equally between the distinguished Senator from Alabama (Mr. Allen) and the distinguished Senator from Nevada (Mr. CANNON).

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

VALIDATION OF AMENDMENTS TO BE PROPOSED TO S. 3044

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that all amendments to the bill (S. 3044) which are at the desk tomorrow at the time the vote on the motion to invoke cloture begins, be considered as having met the reading requirement under the rule.

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

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent, after the orders for the recognition of Senators on tomorrow are completed, that there be a period for the transaction of routine morning business for not to exceed 15 minutes, with statements therein limited to 5 minutes; and that the Senate then resume the consideration of the unfinished business at the conclusion of the transaction of routine morning business.

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

COMMUNICATIONS FROM EXECUTIVE DEPARTMENTS, ETC.

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

REPORT OF NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

A letter from the Administrator, National Aeronautics and Space Administration, transmitting, pursuant to law, a report of that Administration on plans to conduct the Lunar and Planetary Exploration program at a level in excess of that authorized by law (with accompanying papers). Referred to the Committee on Aeronautical and Space Sciences.

REPORT ON REAPPORTIONMENT OF AN APPROPRIATION

A letter from the Deputy Director, Office of Management and Budget, Executive Office of the President, reporting, pursuant to law, that the appropriation to the Department of Agriculture for the Food Stamp program. Food and Nutrition Service, for the fiscal year 1974, had been apportioned on a basis which indicates the necessity for a supplemental estimate of appropriation. Referred to the Committee on Appropriations.

REPORT OF MILITARY PROCUREMENT ACTIONS IN THE INTEREST OF NATIONAL DEFENSE

A letter from the Acting Assistant Secretary of Defense (Installations and Logistics), transmitting, pursuant to law, a report of military procurement actions in the interest of National Defense, for the period July-December 1973 (with an accompanying report). Referred to the Committee on Armed Services.

REPORT ON MEDICARE

A letter from the Secretary of Health, Education, and Welfare, transmitting, pursuant to law, a report on Medicare, for the fiscal year 1972 (with an accompanying report). Referred to the Committee on Finance.

REPORT OF COMPTROLLER GENERAL

A letter from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Progress and Problems in Developing Nuclear and Other Experimental Techniques for Recovering Natural Gas in the Rocky Mountain Area", Atomic Energy Commission, Department of the Interior, Federal Power Commission, dated April 2, 1974 (with an accompanying report). Referred to the Committee on Government Operations.

REPORT ON THE CIBOLO PROJECT, TEXAS

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a report on the Cibolo project, Texas (with an accompanying report). Referred to the Committee on Interior and Insular Affairs.

PROPOSED REALINEMENT OF NURSING HOME PROGRAM

A letter from the Under Secretary of Health, Education, and Welfare, relating to certain proposed realinements of functional responsibilities with respect to the nursing home improvement program (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

PROPOSED LEGISLATION FROM DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

A letter from the Acting Secretary, Department of Health, Education, and Welfare, transmitting a draft of proposed legislation to extend and transfer to the Department of Health, Education, and Welfare, the Native American program established under the Economic Opportunity Act of 1964 (with accompanying papers). Referred to the Committee on Labor and Public Welfare.

PETITIONS

Petitions were laid before the Senate and referred as indicated:

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

A resolution adopted by the board of directors of The National Management Association, Dayton, Ohio, relating to the Office of President. Referred to the Committee on the Judiciary.

A resolution adopted by the DFL Caucus, Cannon Falls, Minn., praying for the enactment of legislation relating to abortion. Referred to the Committee on the Judiciary.

A letter, in the nature of a petition, from the President, American Federation of Teachers AFL–CIO, Washington, D.C., relating to H.R. 69, to extend the Elementary and Secondary Education Act, and other education programs. Referred to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. TALMADGE, from the Committee on Agriculture and Forestry, with amendments:

S. 3231. A bill to provide indemnity payments to poultry and egg producers and processors (Rept. No. 93–772).

By Mr. PASTORE, from the Joint Committee on Atomic Energy, without amendment:

S. 3292. A bill to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes (Rept. No. 93–773).

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. MAGNUSON (for himself and Mr. COTTON) (by request):

S. 3319. A bill to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce. Referred to the Committee on Commerce.

S. 3320. A bill to extend the appropriation authorization for reporting of weather modification activities. Referred to the Committee on Commerce.

By Mr. CLARK (for himself, Mr. ABOUREZK, Mr. DOLE, and Mr. MCGOVERN):

S. 3321. A bill to amend section 405 of the Agricultural Act of 1949, as amended, to provide that price support loans shall mature 1 year after the date on which they are made. Referred to the Committee on Agriculture and Forestry.

By Mr. HARTKE:

S. 3322. A bill to establish a Federal Disaster Coordinating Council, and for other purposes. Referred to the Committee on Government Operations.

By Mr. MONTOYA:

S. 3323. A bill to designate the Manzano Mountain Wilderness, Cibola National Forest, N. Mex.

S. 3324. A bill to designate the Bandelier Wilderness, in the Bandelier National Monument, N. Mex.; and

S. 3325. A bill to designate the "Apache Kid Wilderness", Cibola National Forest, N. Mex. Referred to the Committee on Interior and Insular Affairs.

By Mr. HUMPHREY:

S. 3326. A bill to authorize any officer or employee of the United States to accept the

voluntary services of certain students for the United States. Referred to the Committee on Post Office and Civil Service.

By Mr. McINTYRE:

S.J. Res. 204. A joint resolution to authorize the Secretary of the Interior to assist in the restoration and preservation of certain historic properties known as Strawberry Banke, Inc. Referred to the Committee on Interior and Insular Affairs.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MAGNUSON (for himself and Mr. COTTON) (by request):

S. 3319. A bill to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce, by request, for appropriate reference, a bill to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce, and ask unanimous consent that the letter of transmittal and statement of purpose and need be printed in the RECORD with the text of the bill.

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

S. 3319

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That funds are hereby authorized to be appropriated without fiscal year limitation as the appropriation act may provide for the use of the Department of Commerce, for the Fiscal Year 1975, as follows:

(a) acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, $275,000,000;

(b) payment of obligations incurred for ship operating-differential subsidy, $242,800,000;

(c) expenses necessary for research and development activities, $27,900,000;

(d) reserve fleet expenses, $3,742,000;

(e) maritime training at the Merchant Marine Academy at Kings Point, New York, $10,518,000; and

(f) financial assistance to State Marine Schools, $2,973,000.

SEC. 2. In addition to the amounts authorized by section 1 of this Act, there are authorized to be appropriated for fiscal year 1975 such additional supplemental amounts for the activities for which appropriations are authorized under section 1 of this Act as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.

SECRETARY OF COMMERCE,
Washington, D.C., February 25, 1974.

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

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill to authorize appropriations for the fiscal year 1975 for certain maritime programs of the Department of Commerce, together with a statement of purposes and provisions in support thereof.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our draft bill to the Congress and further that its enactment would be in accord with the program of the President.

Sincerely,

FREDERICK B. DENT,
Secretary of Commerce.

STATEMENT OF THE PURPOSES AND NEED OF THE DRAFT BILL TO AUTHORIZE APPROPRIATIONS FOR THE FISCAL YEAR 1975 FOR CERTAIN MARITIME PROGRAMS OF THE DEPARTMENT OF COMMERCE

Section 209 of the Merchant Marine Act, 1936, provides that after December 31, 1967 there are authorized to be appropriated for certain maritime activities of the Department of Commerce only such sums as the Congress may specifically authorize by law.

The draft bill authorizes specific amounts for those activities listed in section 209 for which the Department of Commerce proposes to seek appropriations for the fiscal year 1975, and reflects the continuing Department efforts to provide the essential resources required to accomplish the objectives of the Merchant Marine Act of 1970.

"(a) acquisition, construction, or reconstruction of vessels and construction-differential subsidy and cost of national defense features incident to the construction, reconstruction, or reconditioning of ships, $275,000,000." The fiscal 1975 ship construction program will provide multi-year funding of some ship construction contracts. It is anticipated that 1975 funding will cover unfinanced balances for 7 ships under fiscal 1974 contracts. Construction subsidy contracts for 9 ships are planned in 1975, with 5 ships being financed with 1975 funds and multi-year financing being ulitized for the remaining 4.

"(b) payment of obligations incurred for operating-differential subsidy, $242,800,000."

Operating subsidy funds requested for FY 1975 would provide for payment of subsidy on two passenger ships, three combination passenger-cargo ships, 185 general cargo liners, and 22 bulk carriers during the year. Additionally the request includes funds for payment of subsidies determined to be due subsidized operators for operations in prior years.

"(c) expenses necessary for research and development activities, $27,900,000."

The 1975 program provides funding for the initiation and continuation of R&D efforts to reduce the costs of operating and building U.S. ships. Major efforts in FY 1975 are planned in the areas of advanced nuclear ship development, ship machinery, more productive shipbuilding methods, improved navigation/communication systems, and investigation of shipboard automation. The principal aims are to improve the productivity of U.S. shipyards and to reduce the life cycle costs of U.S.-flag ships in order to make the U.S. martime industry more competitive with foreign fleets. The continued participation of industry in cost-sharing of R&D projects provides increased results for the government investment.

"(d) reserve fleet expenses, $3,742,000."

Funding provides for the preservation, maintenance and security of ships held for national defense purposes, distributed among three active fleet sites. Periodic represervation of hulls, machinery, and electrical components, combined with continuous application of cathodic protection to the bottoms, are methods employed in maintaining the ships for further service.

In fiscal 1975, funds will be used for the care of approximately 294 ships retained for national defense purposes. 130 other vessels will be scrapped by June 1975, assuming there is an acceptable market in scrap.

"(e) maritime training at the Merchant Marine Academy at Kings Point, New York, $10,518,000."

This requested authorization is for the operation of the Merchant Marine Academy at Kings Point to train cadets as officers for the U.S. merchant fleet in both peacetime and national emergencies. Approximately 200 officers graduate each year. A program increase is included to implement the Facilities Modernization Program at the Academy by expanding the physical training facilities, and by renovating part of one academic building.

"(f) financial assistance to State Marine Schools, $2,973,000."

The Maritime Academy Act of 1958, as amended (72 Stat. 622–624), authorizes a program of assistance for training of cadets at State marine schools for service as officers in the United States merchant marine. The six participating State schools, Maine, Massachusetts, Michigan, New York, Texas, and California, prepare officers to man our merchant ships in times of peace and national emergency.

The funding level of $2,973,000 will provide for grants in the amount of $75,000 to each of the participating State schools, allowances not to exceed $600 to cadets for uniforms, textbooks and subsistence, and funds for the maintenance and repair of the training ships used by the schools. A program increase is included to adequately fund maintenance and repair of the training ships.

Section 2.

The purpose of section 2 is to avoid having to amend the fiscal year 1975 authorization act if pay supplemental appropriations for that year are requested.

Funds for the remuneration of Maritime Administration employees at the National Defense Reserve Fleets and at the United States Merchant Marine Academy are included in this authorization request.

By Mr. MAGNUSON (for himself and Mr. COTTON) (by request):

S. 3320. A bill to extend the appropriation authorization for reporting of weather modification activities. Referred to the Committee on Commerce.

Mr. MAGNUSON. Mr. President, I introduce by request, for appropriate reference, a bill to extend the appropriation authorization for reporting of weather modification activities, and ask unanimous consent that the letter of transmittal and statement of purpose and need be printed in the RECORD with the text of the bill.

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

S. 3320

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 6 of the Act of December 18, 1971 (85 Stat. 736; 15 U.S.C. 330e), is amended by striking the word "and" after "June 30, 1973," and inserting after "June 30, 1974," the words "June 30, 1975, June 30, 1976, and June 30, 1977,".

SECRETARY OF COMMERCE,
Washington, D.C., March 13, 1974.

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

DEAR MR. PRESIDENT: Enclosed are six copies of a draft bill to extend the appropriation authorization for reporting of weather modification activities, together with a statement of purposes and provisions in support thereof.

We have been advised by the Office of Management and Budget that there would be no

objection to the submission of our draft bill to the Congress and further that enactment would be consistent with the Administration's objectives.

Sincerely,

FREDERICK B. DENT,
Secretary of Commerce.

STATEMENT OF PURPOSE AND NEED

The proposed bill would extend the authorization of funds through the fiscal year ending June 30, 1977, for Public Law 92–205, "An Act to provide for the reporting of weather modification activities to the Federal Government". Section 6 of P.L. 92–205 authorizes appropriations to carry out the reporting functions under the Act only through the fiscal year ending June 30, 1974.

Pursuant to P.L. 92–205 the National Oceanic and Atmospheric Administration (NOAA) has underway an effective program for the reporting of non-Federally-sponsored weather modification activities. A complementary program for reporting of Federally-sponsored weather modification activities has also been initiated by agreement with appropriate Federal agencies. NOAA's program provides the only source of factual and useful information on all such activities carried out in this country. In accordance with the Act compilations of the reports are published on a periodic basis.

Continuation of the reporting program is critical for determining whether weather modification operations will be duplicative and will provide a data base for checking both desirable and undesirable atmospheric changes against the reported activities. All reported information is available to the public as well as to all Federal agencies. Under proposed amendments (Federal Register, Vol. 38, No. 213—Nov. 6, 1973) to the rules implementing the present law, an orderly inventory of weather modification activities will provide a single source of information on the safety and environmental precautions used in weather modification activities in the United States. Furthermore, under the proposed rules, if an examination of a report indicates possible adverse effects from a proposed weather modification project or interference with another nearby project, the program allows for notification of such possibilities to the appropriate operators and State officials.

By Mr. CLARK (for himself, Mr. ABOUREZK, Mr. DOLE, and Mr. MCGOVERN):

S. 3321. A bill to amend section 405 of the Agricultural Act of 1949, as amended, to provide that price support loans shall mature 1 year after the date on which they are made. Referred to the Committee on Agriculture and Forestry.

FARM COMMODITY LOAN BILL

Mr. CLARK. Mr. President, if the people most familiar with the history and operation of Federal farm programs were asked to pick the one program that has been the most effective in terms of cost and benefit, their selection undoubtedly would be the ever normal granary or, as it is commonly called, the commodity loan program.

This program began in 1933 with the creation of the Commodity Credit Corporation by Executive Order 6340. There have been changes in the program since then, but the function has remained the same. As the original legislation said, it was established:

> For the purpose of stabilizing, supporting, and protecting farm income and prices, of assisting in the maintenance of balanced and adequate supplies of agricultural commodities, products thereof, foods, feeds, and fibres, and of facilitating the orderly distribution of agricultural commodities . . .

That purpose is as valid in 1974 as it was at the depth of depression in 1933.

But the changing times that have brought changes in economic conditions, harvesting methods, storage facilities, and marketing procedures also require changes in the administration of a program that has served the Nation so well for 40 years.

The legislation I am offering today—along with Senators ABOUREZK, DOLE, and MCGOVERN—would make a small, but important, change in the commodity loan program. It would improve the program's compatibility with the needs of both farmers and consumers in 1974.

BACKGROUND

Under the present regulations, a nonrecourse Commodity Credit Corporation loan matures on the last day of the third month prior to the first month of the new crop year. That date is fixed—the date of the loan makes no difference. For example, loans were made, and will be made, on 1973 corn from the day the first bin or crib was filled last fall through June 30, 1974. But every loan on 1973 corn, regardless of whether it was disbursed on October 1, 1973, or will be disbursed on June 30, 1974, matures on July 31, 1974. All soybean loans mature on June 30, all oats loans mature on April 30, and all wheat loans normally mature on May 31 or April 30.

There was a sound reason for this in the 1930's. For instance, corn was harvested in the ear, stored in slatted cribs to dry—artificial dryers and combines had not been invented—and it was in the best condition to move to market in midsummer.

Now artificial driers are commonplace. The moisture content of grain in storage can be regulated carefully. Now approximately 75 percent of all corn grown in the United States was shelled before storage, and the corn harvested and stored in the ear is intended primarily for livestock feed on the producing farm or in the immediate area.

Grain production has doubled since the 1930's, compounding the storage and transportation problem, as the experience of the last 3 crop years has shown all too well.

There is no longer a valid reason for preferring one fixed date in the year for moving a commodity under loan from storage. As long as the movement is not bunched together, any date will be satisfactory. And considering the original and still-valid purposes of the program, this change in the administrative regulations of the program, certainly is justified.

THE BILL'S PROVISIONS

This proposal would amend the Agricultural Act of 1949, providing that "A nonrecourse loan shall mature 1 year after the date on which the loan is made unless the maturity date of the loan is extended by the Secretary."

This simple change would mean that the farmer who negotiates a CCC loan on corn in October 1974, will have exactly 1 year to dispose of the corn on the market or repay the loan and utilize it for livestock feed. The farmer who waits until June 1975 to obtain a loan on his 1974 harvested corn will have a current loan until June 1976.

The same principle would apply on all agricultural commodities on which a nonrecourse loan is available.

The bill would give farmers more freedom in selecting the time to market their production or, if they choose to feed the grain to livestock, it would give them the opportunity to take the loan late in the season and hold it as a hedge against poor production the second year.

Commodities would come on the market every day of the year, minimizing the price slump that comes with heavy marketings and the price rise that usually comes with light marketings even when total stocks are adequate.

As a result of this bill, the Government would have less influence on the time of marketing, and the year-round marketing of all commodities would alleviate periodic transportation problems.

Producers would use this more practical loan program to increase the amount of grain and soybeans stored on the farm, providing a strategic reserve of feed grain, oil seeds, and food grain in farm storage and local warehouse storage, completely under the control of the farmer. Since loans could be repaid at any time, market conditions would draw the commodities into the market when needed.

CONSUMER BENEFIT

This change in the commodity loan program would benefit consumers as well as producers. Fluctuating prices of feed grains and soybeans have disrupted cattle and hog feeding more than anything else. The supply and price of meat in the grocery store reflect the stability or instability of grain and feed supplement prices on the farm, and this legislation would help provide stability.

Mr. President, this proposal would have a beneficial effect on producers and consumers. I hope the Senate can give it prompt consideration and approval.

I ask unanimous consent that the bill and letters from farmer and commodity organizations about it be printed in the RECORD.

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

S. 3321

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 405 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new sentence as follows: "A nonrecourse loan shall mature one year after the date on which the loan is made unless the maturity date of the loan is extended by the Secretary."

SEC. 2. The amendment made by the first section of this Act shall be effective with respect to loans made on and after the date of enactment of this Act.

MIDCONTINENT FARMERS ASSOCIATION,
Columbia, Mo., February 19, 1974.

HON. DICK CLARK,
Senate Office Building, Washington, D.C.

DEAR SENATOR: The bill which you propose to amend Section 405 of the Agricultural Act of 1949 would appear to be quite meritorious. At least farmers who place their commodities

under non-recourse loans would know that the loan would prevail for at least one year and could, with the approval of the Secretary, have the date of the loan extended. We would favor this type of legislation.

I apologize again for the delay in providing you a reply.

Yours very truly,

L. C. "CLELL" CARPENTER.

IOWA FARMERS UNION,
Des Moines, Iowa, February 14, 1974.

Hon. DICK CLARK,
Old Senate Office Building, Washington, D.C.

DEAR DICK: I understand you have in mind introducing a bill which would require that the initial maturity date for a government commodity loan be 12 months from the time it is taken out. I see considerable merit in such a change from the present policy under which the maturity date for each commodity is the same for all producer borrowers regardless of when the loan is obtained.

As it is now, the initial loan period at most covers no more than 8 to 9 months from the time the crop has been harvested and is ready for sealing. Moreover, redemptions through sale of the commodity tend to be bunched during the last month or two of the loan period with, of course, softening effects on the cash market. With a fixed common maturity date and especially with advance notice having been given (as in the case of the 1973 crop) that there will be no resealing, the grain trade can pretty well anticipate what will happen in the way of deliveries.

A spread on loan maturities would tend somewhat to ease the pressure on local elevators to receive the grain collateral and arrange outbound transport if needed.

Producers also would be under less pressure to make redemption and disposal decisions well before the new crop prospects are fully developed. There would be less peaking of work loads on the federal loan program staff.

Producers who depend on local elevator space to receive their crop at harvest might not always be able to get a storage commitment beyond late summer, hence would not have advantage of 12 months in which to elect a redemption date. A storage deadline, however, would be a matter for agreement between the producer and the warehouse management.

Respectfully,

LOWELL E. GOSE,
President.

IOWA FARM BUREAU FEDERATION,
Des Moines, Iowa, February 18, 1974.

Hon. DICK CLARK,
U.S. Senate, New Senate Office Building, Washington, D.C.

DEAR SENATOR: We appreciate receiving a copy of the bill you plan to introduce concerning maturity of price support loans.

We discussed these provisions with our board of directors at the last meeting. At the moment, we see no disadvantages in doing this and believe the advantages you've outlined in your letter are real and that the legislation has merit.

Unless something comes to our attention that we do not now know of, we would certainly support you in this legislative effort.

Sincerely,

J. MERRILL ANDERSON,
President.

NATIONAL CORN GROWERS ASSOCIATION,
Boone, Iowa, February 11, 1974.

Senator DICK CLARK,
Senate Office Building,
Washington, D.C.

DEAR DICK: You hit a sensitive nerve in your letter to me of February 6 concerning the bill you plan to introduce in the Senate in the near future concerning making non-recourse agricultural loans so they expire 12 months after the date they are made, rather than all at the same time for each crop.

We have long recommended this action to USDA and have felt that they did not want to give it up for reasons of outside pressure. As you point out, with corn loans coming due on July 31, the producer with grain under loan must make a decision well before that date if he does not want to get caught in a last minute rush of sales by other producers who may wait until near the closing date.

Furthermore, he has been put under pressure in the past by CCC via mailings with return cards enclosed asking for his decision on either redeeming or delivering his grain to the CCC in satisfaction of the loan. These requests have usually come in late June. This is when the corn belt looks like a garden and the market has had no chance to reflect any bad news concerning the crop. Cash sale of his previous year's corn then further depresses the market.

Worst of all, with the decision by the producer usually being made well ahead of July 31, a market advance in price caused by bad growing weather in the U.S. or unfavorable crop conditions in other major countries of the Northern Hemisphere cannot be taken advantage of by him. This has happened time after time, with the buyer of the grain benefiting and the producer watching the price go up after he sold.

Defenders of the present loan policy can say that the producer can do the same as the buyer, i.e. redeem the loan by paying principal and interest and keep the grain so that he is in possession of it when the market goes up. The fallacy is that the producer does not have the private credit available to him to do so as at this time of the year he is in one of his highest borrowing periods already.

All your points are well taken and I concur in them. It might be that the warehouse receipt loans which represent corn under loan in elevators will have to be redeemed no later than August 31 in order for the elevator to have time to move it out so as to make room for the new oncoming crop. But in any event, these loans should be allowed to run until August 31 which would keep the grain in the producer's control through the crucial crop scarce month. You'll soon hear from the country grain trade if they don't think keeping warehouse loans past their present expiration date is practical for them.

I'll look forward to talking with you in person about this. As you know, I plan to testify on February 21 concerning the corn allotment matter before the Senate Agricultural Committee at your invitation. I'll no doubt see you then.

Yesterday we forwarded to you our new cost of production figures for corn under two growing circumstances. Copies also went to Bob Wegmueller.

Sincerely,

WALTER W. GOEPPINGER,
Chairman of Board.

IOWA PORK PRODUCERS ASSOCIATION,
Des Moines, Iowa, February 11, 1974.

Senator DICK CLARK.

DEAR SENATOR: I think this Bill to amend section 405 of the Agricultural Act of 1949 as amended to provide that price support loans shall mature one year after the date on which they are made is a sound proposal.

This should have been done a long time ago so that all the corn wouldn't be delivered at the same time. And so they couldn't suppress the market until after the corn and beans are released.

I think this is a very good bill and if you need any more support let me know.

Keep up the good work.

Sincerely,

PAUL BERNHARD.

By Mr. HARTKE:

S. 3322. A bill to establish a Federal Disaster Coordinating Council, and for other purposes. Referred to the Committee on Government Operations.

FEDERAL DISASTER ASSISTANCE ACT OF 1974

Mr. HARTKE. Mr. President, today I am introducing legislation which will speed relief to the victims of the recent wave of tornadoes. My proposal establishes a Federal Disaster Coordinating Council within the Executive Office of the President in order to coordinate the work of the several Federal agencies which have disaster relief responsibilities.

Mr. President, I need not recount in detail the terrible ravage of the recent tornadoes. The vicious winds streaked across my home State of Indiana killing more than 50 persons and injuring more than 1,000. I understand that this is the worst tornado the Nation has seen since 1965, but we in Indiana suffered severely from the Palm Sunday tornadoes of 1965.

Nearly 100 twisters struck with the thundering sound of fast-moving freight trains within 8 hours last Wednesday night in an area from Oklahoma to Georgia to Michigan. They left more than 300 dead in their wake and property damage estimated at more than $1 billion.

In Indiana, the hardest hit communities were Hanover in the southern portion of the State and Rochester and Monticello in the north-central region. One newspaper account noted that a tornado took only 1 minute to cross Monticello and demolish most of that community.

The tornadoes lifted a panel truck 250 yards in Knightstown, destroyed the Monroe Central High School in Kennard and demolished a White County courthouse in Monticello. Five were killed in Madison and a section of the city called "New Madison" was almost completely destroyed. Eight were killed in Monticello, many more injured and a five-block downtown area was severely damaged. Seven are dead in Rochester with residential areas there suffering severe damage. Three were killed in Hanover, where the Hanover College campus suffered $10 million in damages and 50 homes in one subdivision were destroyed. There was heavy damage to Fountaintown. Seventy-five percent of the homes in Kennard were destroyed. Eleven were injured in Swazee and a trailer park destroyed. In Parker, several high school students were injured, and there are two dead in Hamburg.

Mr. President, it is difficult to translate these statistics into reality unless you see the ravages of a tornado firsthand. I have visited some of the stricken areas, and intend to take several members of my staff to those areas during the upcoming recess. We will do all that we can to provide those left homeless and those whose businesses were destroyed with immediate assistance.

Tornadoes disrupt the lives of individuals, families, and communities. For that reason, we should do everything in our power to assure that governmental assistance arrives quickly so the disruption can be minimized. That is the intent of my proposal.

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

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

S. 3322

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Federal Disaster Assistance Act of 1974.

TITLE OF PURPOSE

SEC. 1 (a) The Congress hereby finds and declares that—

(1) because of the recent tornadoes which resulted in the loss of many human lives and extensive damages to property; and

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

(3) because disasters often cause disruptions which affect individuals and families with great severity; and

(4) because there is a need to expedite Federal assistance to the victims of disasters so that disruptions and suffering can be minimized; therefore

(b) It is the intent of the Congress, by this Act, to provide an effective means of coordinating Federal disaster assistance efforts.

ESTABLISHMENT OF THE FEDERAL DISASTER COORDINATING COUNCIL

SEC. 2. (a) There is hereby established in the Executive Office of the President a Federal Disaster Coordinating Council which shall coordinate the activities of all Federal agencies providing disaster assistance.

(b) The President may direct any Federal agency, with or without reimbursement, to utilize its available personnel, equipment, supplies, facilities, and other resources including managerial and technical services in support of State and local disaster assistance efforts, and

(c) The President may prescribe such rules and regulations as may be necessary and proper to carry out the provisions of this Act.

By Mr. MONTOYA:

S. 3323. A bill to designate the Manzano Mountain Wilderness, Cibola National Forest, N. Mex.;

S. 3324. A bill to designate the Bandelier Wilderness, in the Bandelier National Monument, N. Mex.; and

S. 3325. A bill to designate the "Apache Kid Wilderness," Cibola National Forest, N. Mex. Referred to the Committee on Interior and Insular Affairs.

Mr. MONTOYA. Mr. President, today, I am introducing three bills to create the Bandelier, Apache Kid, and the Manzano Wilderness Areas under the provisions of the Wilderness Act of 1964.

As a nation, we are growing at an astronomical rate. Our country is becoming increasingly urban. With this in mind, the Wilderness Act of 1964 was passed. The Wilderness Act recognizes the need for areas free from concrete and skyscrapers and seeks to protect places of natural beauty from the encroachment of urban progress. I quote from the New Mexico Wilderness Study Committee:

> The purpose of the Wilderness Act is to assure that man shall have some places in this country to which he can go when seeking surcease from the noise and speed of machines, the confines of steel and concrete, the crowding of man upon man; that he or she shall have some place to go when the need is felt to be in harmony with nature and to know its peace and beauty undisturbed by man.

The Bandelier Area contains 22,130 acres of land dotted with archeological sites. The map of the proposed area shows a number of developed sites which will not be included in the wilderness area. Other archeological sites are located within the proposed wilderness. These can be excavated using techniques which do not require machinery or additional constructions, should it be decided that they should be excavated. My bill differs from the House version in that it includes the Upper Frijoles Canyon and the Canada de Cochita Grant Area. A major portion of the proposed wilderness area is backcountry accessible only by foot trails. This makes it particularly suitable for hiking and backpacking. Placing this area under the Wilderness Act would insure its virgin beauty for years to come.

The Apache Kid Area is one of the largest remaining areas in New Mexico to receive wilderness consideration. Due to its rugged terrain it is probably the least known of New Mexico's possible wildernesses. There is a network of trails in the area for hiking, backpacking, and horseback riding. This area is particularly needed as an overflow for the Pecos Wilderness Area.

The Manzano Area consists of terrain similar to the Apache Kid, and Bandelier Areas. It is of special value, because it is close to Albuquerque. Much of the 37,000 acres, which is canyon land is honeycombed with trails suitable for hiking and backpacking.

We, as a Nation, cannot afford to be without these areas as part of our wilderness system. We, as a nation, can afford to protect our esthetic desires by designating these areas under the Wilderness Act of 1964.

With the foregoing in mind, I urge enactment of these bills.

By Mr. HUMPHREY:

S. 3326. A bill to authorize any officer or employee of the United States to accept the voluntary services of certain students for the United States. Referred to the Committee on Post Office and Civil Service.

STUDENT INTERN AMENDMENT TO CIVIL SERVICE LAW

Mr. HUMPHREY. Mr. President, I am today introducing legislation which will provide relief from existing civil service regulations that place severe constraints upon programs that provide unsalaried educational internships in Federal agencies for high school, college, and graduate students.

The purpose of this bill is to allow our Federal agencies to open their doors to student involvement in challenging apprenticeship roles which can greatly enhance the participants' knowledge about Government. Because such student activity exists primarily for the educational and intellectual benefit of the interns, I can see no justification for the existing regulations which prohibit unsalaried service, and which prevent the creation of thousands of additional opportunities for young people.

Surely, in these critical times, youth involvement in Government is essential, and we should be creating new avenues for young people to enrich their textbook knowledge of Federal administration. Perhaps, in the process, we may be fortunate enough to attract some of these interns into public service careers.

As a model of such an educational program, I commend to the Senate's attention the Executive High School Internships of America. This program, which annually involves 1,300 high school juniors and seniors across the country, enables young people to serve as special assistants-in-training to executives in Government and related fields. The internship carries a full semester of academic credit, but no pay. Sponsoring executives are required to provide a broadly stimulating educational experience and are specifically prohibited from using students as clerks, messengers, or for other functions for which people would be compensated. Incidentally, the founder and national director, Dr. Sharlene Pearlman Hirsch, got the idea after serving as a Washington intern in education in the U.S. House of Representatives.

The program's National Advisory Board includes two of my distinguished colleagues in the Senate, Mr. JAVITS, of New York, and Mr. MONDALE, of Minnesota, and two from the House, Mr. BRADEMAS, of Indiana, and Mr. ORVAL HANSEN, of Idaho. I congratulate them on their support of this outstanding effort.

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

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

S. 3326

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 3679 of the Revised Statutes of the United States (31 U.S.C. 665(b)) or any other provision of law, any officer or employee of the United States may accept voluntary service for the United States if such service is performed by a person who is enrolled as a student, not less than half-time, in an institution of higher education or a secondary school at the time the person makes application to perform such voluntary services.

SEC. 2. As used in this Act, the terms "institution of higher education" and "secondary school" have the same meaning as prescribed for such terms in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141).

By Mr. McINTYRE:

S.J. Res. 204. A joint resolution to authorize the Secretary of the Interior to assist in the restoration and preservation of certain historic properties known as Strawberry Banke, Inc. Referred to the Committee on Interior and Insular Affairs.

STRAWBERRY BANKE, INC.—AMERICA'S PREMIERE HISTORIC RESTORATION

Mr. McINTYRE. Mr. President, I send to the desk for proper reference a joint resolution to authorize the Secretary of the Interior to assist in the restoration and preservation of certain historic properties known as Strawberry Banke, Inc., in Portsmouth, N.H.

The Congress has identified the year 1976 for the Bicentennial celebration of the founding of our Nation, Mr. President, and both the legislative and executive departments have determined that this celebration should give highest priority to programs to preserve, restore and maintain for public appreciation sites, buildings and objects of historical, architectural and archeologial significance.

In keeping with the charge, Mr. President, the resolution I am introducing today would authorize not more than $2,900,000 to carry out the Nation's premiere historic restoration project under provisions of an act first approved in August of 1935.

I use the word "premiere" to describe the Strawberry Banke restoration project because the adjective is accurately applied. The Bicentennial celebration marks the 200th aniversary of the founding of our Nation, but the settling of Portsmouth, N.H., by English colonists predates that happy event by no less than 146 years, and efforts to restore the most historic part of the city commenced 18 years before we even begin to observe the Bicentennial.

Strawbery Banke, Inc., a private, nonprofit, educational, scientific, and charitable organization, filed articles of agreement basic to incorporation in 1958, and a year later the New Hampshire Legislature voted to allow any town or city to preserve and restore old buildings as part of renewal development.

Five years later, Strawbery Banke, Inc., acquired an urban renewal site of 10 acres in Portsmouth. On those 10 acres were 27 houses dating back to the 17th, 18th, and early 19th centuries and still standing on their original sites.

Federal funds made available to this project through the Department of Housing and Urban Development were augmented by $215,000 raised through a local bond issue by the city of Portsmouth and more than $185,000 from the State of New Hampshire.

An overall investment of $1,800,000 to date has made it possible for today's visitors to Strawbery Banke to step back two centuries onto narrow colonial streets crowded with the modest but substantial homes of packetmasters, fishermen, and shipwrights where such historic figures as George Washington, John Paul Jones, Lafayette, and Daniel Webster either lived or visited.

Despite the outstanding success of this restoration project, Mr. President, the unhappy facts of life are that yearly receipts through general admissions, memberships, contributions, and rental income fall far short of the costs of property insurance, groundskeeping, salaries and wages, payroll taxes and other expenses.

Because of the imminence of the Bicentennial, because New England represents the historic birthplace of the American people, because Strawbery Banke is, indeed the premiere historic restoration project in our Nation, because an adequate injection of Federal funds can make it possible for its incorporators to continue to preserve a local society that can serve as an inspiration to other communities throughout the country now, during the Bicentennial and after, I am introducing this resolution.

ADDITIONAL COSPONSORS OF BILLS AND JOINT RESOLUTIONS

S. 947

At the request of Mr. TUNNEY, the Senator from Connecticut (Mr. RIBICOFF) was added as a cosponsor of S. 947, to amend the Internal Revenue Code of 1954 to allow a business deduction under section 162 for certain ordinary and necessary expenses incurred to enable an individual to be gainfully employed.

S. 1311

At the request of Mr. GRIFFIN, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of S. 1311, to amend the Communications Act of 1934 to provide that renewal licenses for the operation of a broadcasting station be issued for a term of 5 years and to establish certain standards for the consideration of applications for renewal of broadcasting licenses.

S. 2801

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

S. 2854

At his own request, Mr. GRIFFIN was added as a cosponsor 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. 3098

At the request of Mr. DOLE, the Senator from California (Mr. TUNNEY) was added as a cosponsor of S. 3098, a bill to amend the Emergency Petroleum Allocation Act of 1973 to provide for the mandatory allocation of plastic feedstocks.

S. 3154

At the request of Mr. RIBICOFF, the Senator from Minnesota (Mr. MONDALE) and the Senator from Iowa (Mr. HUGHES) were added as cosponsors of S. 3154, the Comprehensive Medicare Reform Act of 1974.

SENATE JOINT RESOLUTION 14

At the request of Mr. BROCK, the Senator from North Carolina (Mr. HELMS) was added as a cosponsor of Senate Joint Resolution 14, a joint resolution proposing an amendment to the Constitution of the United States relating to open admissions to public schools.

SENATE JOINT RESOLUTION 181

At the request of Mr. DOMINICK, the Senators from Hawaii (Mr. FONG and Mr. INOUYE) were added as cosponsors of Senate Joint Resolution 181, to designate the third week in April of each year as National Coin Week.

SENATE JOINT RESOLUTION 203

At the request of Mr. ROTH, the Senator from Maine (Mr. MUSKIE), the Senator from Rhode Island (Mr. PASTORE), the Senator from Kentucky (Mr. COOK), and the Senator from Alaska (Mr. GRAVEL) were added as cosponsors of Senate Joint Resolution 203, to authorize the President to issue a proclamation designating the month of May 1974 as "National Arthritis Month."

ADDITIONAL COSPONSORS OF A RESOLUTION

SENATE RESOLUTION 301

At the request of Mr. THURMOND, the Senator from Missouri (Mr. SYMINGTON) was added as a cosponsor of Senate Resolution 301, in support of continued undiluted U.S. sovereignty of jurisdiction over the U.S.-owned Canal Zone on the Isthmus of Panama.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

AMENDMENTS NOS. 1157 THROUGH 1160

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

Mr. ROTH submitted four amendments intended to be proposed by him to the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

AMENDMENT NO. 1161

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

Mr. EAGLETON. Mr. President, with the cosponsorship of the junior Senator from Alabama (Mr. Allen) I offer an amendment to S. 3044, the Federal Election Campaign Act Amendments of 1974.

Stated very simply, this amendment would lock shut forever the door to one of the oldest loopholes for improper campaign contributions—contributing through the name of one's minor child. This amendment would make it illegal for anyone to direct, request, or otherwise induce their children, or the children of their family, under the age of 16 years to make a political contribution.

As presently written, will S. 3044, the Federal Election Campaign Act Amendments of 1974, allow a 12-year-old child to contribute to a candidate if the child's parent has already contributed the maximum amount to a same candidate?

Section 310 of the Federal Elections Campaign Act of 1971 says:

> No person shall make a contribution in the name of another person and no person shall knowingly accept a contribution made by one person in the name of another person.

The spirit of this section has been interpreted to allow the parent of a minor to make a contribution in the name of the minor.

S. 3044, the Federal Election Campaign Act Amendments of 1974, would amend this section of the Election Act of 1971 by adding the words "or knowingly permit his name to be used to effect such a contribution." This addition places liability for a contribution made in the name of another person, upon the person whose name was used. It does not address itself to the original question of the minor child of a contributor who has

given a maximum amount allowable under S. 3044 to a Federal candidate.

Survey of the three major Federal agencies charged with enforcement of Federal Election laws—the Department of Justice, the Office of Federal Elections of the General Accounting Office, and the Office of the Secretary of the Senate—found a consensus interpretation of section 310 of the Federal Election Campaign Act of 1971. All agreed that under the present law, as amended by S. 3044, the question of a minor child contributing to a candidate after his parent had made the maximum contribution to the same candidate could be argued either way. They agree that the law in its present form, as amended by S. 3044, does not nail down the ambiguity regarding this particular question.

Mr. President, I ask that the text of the amendment to S. 3044, the Federal Election Campaign Act Amendments of 1974 be printed in the RECORD.

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

AMENDMENT No. 1161

On page 77, line 9, after "contributions" add a semicolon and "contributions through minors".

On page 77, line 10, insert "(a)" before "No".

On page 77, beginning in line 14, strike out "Violation of the provisions of this section is punishable by a fine of not to exceed $1,000, imprisonment for not to exceed one year, or both.".

On page 77, between lines 16 and 17, insert the following:

"(b) No person may direct, request or otherwise induce any of his children or the children of his immediate family (as defined in section 608), who has not attained the age of 16 years to make a contribution to or for the benefit of a candidate or a political committee.

"(c) Violation of any provision of this section is punishable by a fine of not to exceed $1,000, imprisonment for not to exceed one year, or both.

On page 78, after line 22, strike out the item relating to section 616 and insert in lieu thereof the following:

"616. Form of contributions; contributions through minors.

HEALTH SERVICES RESEARCH AND MEDICAL LIBRARIES ACT—AMENDMENTS

AMENDMENTS NOS. 1162 THROUGH 1174

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

Mr. BEALL submitted 13 amendments intended to be proposed by him to the bill (H.R. 11385) to amend the Public Health Service Act to revise the programs of health services research and to extend the program of assistance for medical libraries.

ANNOUNCEMENT OF HEARINGS

Mr. JOHNSTON. Mr. President, last week Mr. Julius Shiskin, the Commissioner of Labor Statistics, announced major changes in the present method of computing the Consumer Price Index.

The Consumer Price Index is the most widely used measure of inflation. It is designed to provide an accurate indication of what the average American consumer must pay for basic needs.

The Consumer Price Index is, of course, extremely important to economic policymakers who must rely upon the index in making critical judgments on the rate of inflation.

But the index is even more crucial to the millions of Americans whose entitlement to wage and other benefits is explicitly tied to the CPI. Some 50 million Americans have incomes or receive payments which are affected by movements in the CPI. There are 5.1 million unionized workers with wage escalator clauses; 29 million social security recipients; 2 million retired military and civil service employees; 600,000 postal workers; and 13 million food stamp recipients. In addition, various other private agreements are dependent upon movements in the CPI, including leases, divorce settlements, and retirement benefits.

Because of the importance of the proposed changes in the Consumer Price Index, the Subcommittee on Production and Stabilization of the Committee on Banking, Housing and Urban Affairs will hold hearings on these proposals on April 23, 1974 at 2 p.m. in room 5302 of the Dirksen Building. At that time we intend to hear from Mr. Shiskin and representatives of those most directly affected by the proposed changes.

ADDITIONAL STATEMENTS

NATIONAL BOY OF YEAR

Mr. HUGH SCOTT. Mr. President, I had the great pleasure last week of meeting a remarkable young man, George R. Clark, Jr., of Philadelphia. George had just been selected the National Boy of the Year by the Boys' Club of America. I was quite impressed with his enthusiasm, poise, and sincerity and was delighted that the Boys' Club of America made such a fine choice.

I ask unanimous consent that an article in Friday's Philadelphia Inquirer about George Clark be printed in the RECORD.

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

HE'S AN ALL-AMERICAN BOY

George R. Clark Jr., a 17-year-old senior at Edison High School, and the R. W. Brown Boys' Club on Columbia ave. have combined to give Philadelphia a double honor.

George Clark won the National Boy of the Year award from the Boys' Club of America and went to the White House for a personal presentation from President Nixon. This is the first time that one club has had a national winner two consecutive years. Gilbert Baez, last year's winner, is now a student at Dickinson College.

One of five children of Mr. and Mrs. George R. Clark Sr. of North Franklin st., George Jr. is an all-around all-American teen-ager. He is president of his class at Edison and captain of the basketball team. A versatile athlete, he is also a letter-winner in baseball and track and sports editor of the yearbook. A B-average student, he tutors children in reading and, with all this, still finds time for a busy schedule of leadership responsibilities in Boys' Club activities.

Speaking for all the family, his mother said, "We are very proud of George." So is all of Philadelphia.

AMERICA'S ECONOMIC FUTURE

Mr. BENTSEN. Mr. President, as I travel around the country I listen to many Americans who are deeply worried about the long-range viability of our Nation's economy.

Some people question whether we can maintain in the future previous levels of economic growth. Others wonder whether high rates of economic growth will damage the quality of life. Even scholars warn that an end to progressive economic development may be in sight.

Everyone has heard the voices of gloom:

We are being swallowed by pollution.

We are drowning in overpopulation.

We are growing beyond the limits of our natural resources.

Technological advance is destroying human values.

These familiar chords echo across the land. Our citizens are spinning in the swiftly moving current of change. They are bewildered by rapid and repeated economic disruptions—by booms and busts—unsuccessful phases and empty phrases.

The rush of events eats away at the bedrock of our institutions, and forces our people to struggle simply to keep their livelihoods from being swept away by steeply rising prices and unacceptably high levels of unemployment.

Many Americans are beginning to feel that the reins of the public interest are out of hand, and that Government by crisis has become the norm.

The response I witness to this continual condition of crisis is of very great concern to me. I see aggravation and then alienation among many of our people. I see as well active attempts to put a stop to economic growth in America.

If we choose to withdraw in frustration, sit back in apathy, or boil over in hasty outrage, our economic future can only be bleaker and more uncertain. Shortages of all shapes and sizes, as well as higher levels of unemployment and accelerating inflation may become business as usual. But we can prevent this dismal outcome by using the intelligence and ingenuity which have provided the United States a great record of economic progress.

I believe that growth need not end nor become a disparaging word. Healthy economic growth—properly channeled and well balanced—is beneficial. It enriches the quality of life. It raises the standard of living of many of our lower income families. And it maintains and improves the high level of comfort most Americans expect.

One has only to look ahead to the rest of 1974 to understand what economic stagnation means: it means productivity will decline and wage costs will rise. Yet for many workers, real income will fall because of rampant inflation. It means that some struggling new businesses will be forced into bankruptcy while more established firms will have to cut back on funds for innovation and other progressive activities. It means personal suffering for the 1 million more Americans who may be unemployed by the end of 1974, and the possible loss of another $30 billion of national output. And above

all, it means an increase in social discord as workers, farmers, and businessmen compete for a shrinking economic pie. I believe that Americans have a right to demand more than they are getting under existing policies.

Last year, we saw not only an energy shortage but also a beef shortage, a paper shortage, a fertilizer shortage, a pipe shortage, and even a bailing wire shortage. And throughout those troubles we saw a shortage of forward Government strategy—a lack of preparation for anticipating and answering problems before they became the next crisis.

I believe the private free enterprise system is the dominant decisionmaker in our economy—and I would not have it any other way. A free competitive market still provides the most efficient allocation of goods and services within our economy. But with the Federal Government spending $1 out of every $4, we cannot ignore its impact. The spending, taxing, borrowing, and regulatory policies of the Federal Government give our economy substantial direction. In recent years we have achieved what growth we have in spite of rather than because of Government policies. I have no doubt that in the years ahead we must do better.

It is essential that we begin now to examine the economic policies required to meet our future needs before we are once again caught short. The continued absence of long-range thinking about our best policy options can only lead us pell-mell into more pitfalls of crisis management.

The Congress should have a role in developing this forward-looking economic strategy. I am afraid we are so preoccupied with present problems that we are not doing nearly enough in taking the longer range view—or in developing policies to help solve the major economic problems which lie ahead.

At the beginning of the year, I approached the chairman of the Joint Economic Committee and its members with a proposal to set up a new subcommittee for the purpose of launching a major effort to spotlight the roadblocks in this Nation's economic future and to furnish the Congress with reasoned longrun policy options and their projected consequences.

The response was enthusiastic, and I am pleased that a Subcommitte on Economic Growth has been established, which I will chair. The distinguished members of the new subcommittee are Senators PROXMIRE, RIBICOFF, HUMPHREY, JAVITS, and PERCY; and Congressmen REUSS, MOORHEAD, WIDNALL, and CONABLE.

In undertaking this important task we are, indeed, fortunate to have the participation of experienced men of such high caliber and great expertise. I look forward to working with them to diagnose the complex challenges ahead and to recommend policy choices to insure that we achieve healthy and balanced economic growth which is consistent with social priorities and which improves the quality of American life.

In order to develop long-range economic policy options there is a need for our subcommittee to examine some available projections of national economic growth potential and productivity trends over the next 10 years. These projections and trends will provide a useful overview of the long-term economic framework for the initial hearings on May 7, 8, and 9.

As we explore the prospects for the U.S. economy in the years ahead our uppermost priority is the well-being of American citizens and the long-range need for full and productive employment.

Our subcommittee realizes that the composition of the labor force has changed in recent years, but I am one Senator who is not willing to abandon the full employment concept of 4 percent. Bear in mind that the 1-percent increase in unemployment which the administration is apparently willing to accept as a full employment target means a million more Americans out of work. In addition to the loss in national output, the Federal Treasury will forego between $12 and $15 billion in tax receipts while at the same time the Government will be forced to pay out $2 to $3 billion more in unemployment compensation.

Our long term full employment objective should maintain unemployment rates substantially below 4 percent. We need better manpower training and educational services for our workers to increase longrun productivity and to sharply increase labor force participation among younger people, women, and minority groups. This will offset the projected long-range slowdown in the rate of increase in the labor force due to declining birth rates, which might otherwise result directly in less economic growth in the future.

The American people expect their Government to look down the road to find out what broad employment opportunities can be created. Now and better jobs, however, are the product of more investment. It has been estimated that it takes $25,000 in new investment to create one new manufacturing job. There is a substantial long-range need for capital investment in the years ahead.

In light of this, I am deeply concerned that overall net domestic investment in the United States, expressed as a percentage of gross national product, is much lower than in any other major industrial country—and this adverse trend has been growing for almost 20 years. The figures for 1970 reveal that Japan has invested almost 3½ times as heavily as we do; in Germany, France, and the Netherlands, the rate is 2½ times greater than ours; in Italy and Sweden it is twice as much; and Canada, the United Kingdom, and Belgium all spend more of their gross national product on domestic investment than the United States does.

The relative lack of new investment has slowed long-term domestic capacity growth in the American economy. The insufficient investment in industrial plant and equipment contributes to the scarcity of supplies, generating long-run inflationary pressures. There are projections that annual capital needs for U.S. business not including construction will increase from approximately $105 billion in 1973, to $233 billion in 1985.

Steel, which is a cornerstone of our economy, is just one example of an industry badly in need of long-term capacity expansion and modernization. It is reported that the capital needs of the steel industry alone will average $3 to $4 billion each year through 1985.

In order to finance the steel mills built since 1966 the steel companies have been forced to increase long-term debt to about 40 percent of stockholders' equity, compared to approximately 30 percent in the earlier year. There are limits to what extent future capacity can be financed by increasing the long-term debt load instead of raising equity capital. But, the present stock market valuation placed on the U.S. Steel Corp. barely equals McDonald's hamburger chain despite the fact that United States Steel's book value is 18 times as great as McDonald's. Even though we are long on hamburgers and short on steel, McDonald's is in a better position to raise equity capital for more hamburger stands than United States Steel is to raise capital for new mills and machinery to build steel plates for construction of petroleum refineries and other basic industrial capacity.

We are likely to have a far more serious steel crunch on the horizon and be forced to increase our reliance on foreign producers for this critical, high technology material.

The Subcommittee on Economic Growth hopes to prevent this from happening to steel or to any of our domestic industries by considering now where funds for future investment are to be raised. Will our savings rates be adequate and our financial markets strong enough to do the job?

Our subcommittee wants to know what magnitude and pattern of capacity growth and capital formation are necessary to meet demand for full employment and full production in the years ahead.

Along with the future problems of insufficient investment in plant and equipment and inadequate capital formation, we should be fully aware of the long-range need for careful managament of our natural resources.

The United States is rapidly joining the rest of the industrialized world in depending on third world countries for its raw materials supply. According to the Department of the Interior, the United States already depends on imports for more than half its supply of 6 of 13 basic raw materials required by an industrial society.

Furthermore, many of these metal supplies are concentrated in only a few countries. There may be numerous attempts to steal a page from the Arabs' book at the expense of industrial nations through the creation of producer cartels. We must not overlook the fact that the sharp rises in prices for petroleum products, foodstuffs, and fertilizer between late 1972 and early 1974 will force the developing countries which are not oil producers to pay over $15 billion more for these essential imports in 1974. Thus the pressure will be very great on these raw materials producing countries to take whatever steps are necessary to substantially increase the price of their ex-

ports to balance off the higher costs of their food and fuel imports.

Our subcommittee will investigate what may become a staggering problem of resource scarcity and will suggest actions the Government should take to insure an adequate supply of raw materials to keep our factories going and prevent unemployment in the coming years.

Another major item to be explored is the long-range need for relative price stability. Lately, inflation has taken a terrible toll on the purchasing power of consumers and the rate of real economic growth.

John Dunlop, the Director of the Cost of Living Council, said recently:

We just don't know how to control inflationtion.

And Arthur Burns adds—

Inflation cannot be halted this year.

Yet the adminstration instinctively reaches for the traditional anti-inflation tools—tight monetary and fiscal policy. They accept the excessive unemployment which those restrictive policies cause as inevitable. But some economists are forecasting a long-term inflation rate in excess of 4½ percent for a considerable time, no matter what combination of fiscal and monetary options is followed.

I believe we should not consent to higher unemployment rates and loss of output as unavoidable. We must find better methods of combating and minimizing the effects of inflation over the long haul than policies which continually choke off growth. What we have been doing to the housing industry every few years with a restrictive monetary policy in an attempt to curb inflation only adds to our long-term shortage of housing, thus increasing inflationary pressures in the long run.

Neither the Congress nor the administration has done enough long-range thinking about improving anti-inflation policies. My new Subcommittee on Economic Growth will be an instrument to fill this need in the Congress. I believe we can offer economic policy options to insure a long-run balance between relative price stability and long-term economic growth.

As a former businessman, my business could not have survived and prospered if I had failed to look ahead at the potential difficulties as well as the opportunities. In my judgment it is the duty of the U.S. Government to do the same.

This Nation can ill afford to count on 11th hour, piecemeal public policy for its problem solving. The possible obstructions to growth should be identified now while there is still time to measure our future needs and to suggest ways to meet those economic needs in the coming years.

The American people have a right to expect those of us in Government to do more than flounder from crisis to crisis. My new subcommittee accepts this obligation to do more in developing policy choices for the Congress and the American public to help overcome the barriers in the future growth of the American economy.

EDWARD SPECTER

Mr. HUGH SCOTT. Mr. President, it is with much sadness that I mark the death of Edward Specter who, for a quarter of a century, devoted his talents to making the Pittsburgh Symphony one of the most renowned orchestras in the Nation.

Nearly 50 years ago, he played an instrumental role in reviving the symphony in Pittsburgh and in keeping it alive during its early years. While serving as its director, Mr. Specter worked tirelessly and unselfishly to raise the funds needed to sustain the orchestra through a troubled financial period. He was credited with keeping the orchestra together and, by his example, inspired others with his dream. A dream which became reality, a dream which has filled the hearts and souls of people throughout the world with fine music.

We are indebted to Mr. Specter for giving so much of himself to the music world. To all of us who for many years will enjoy the lovely sounds of the Pittsburgh Symphony, we will remember how it all started.

Mr. President, I ask unanimous consent that the Pittsburgh Press and the Pittsburgh Post-Gazette accounts of his passing be printed in the RECORD.

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

EDWARD SPECTER

No better eulogy could be written for Edward Specter, who died Wednesday at 73, than these phrases from a 1954 Post-Gazette editorial, "Well Done, 'Mr. Symphony' ":

"If anybody in Pittsburgh deserves the title, 'Mr. Symphony,' it is Edward Specter, who soon steps down after a quarter century as manager of the local orchestra. It was he who in 1929 helped conceive the idea of reviving the symphony here. And it has been under his direction that this idea became reality . . . The Pittsburgh Symphony is today and for several years has been outstanding nationally, with every promise of becoming more so. For this, the city's debt to Mr. Specter, who refused to admit of defeat under the heaviest trials, is incalculable."

The strength of the Symphony two decades later is living testimony to the sturdy foundations Mr. Specter laid.

EX-MANAGER OF SYMPHONY DIES AT 72

Edward Specter, who helped organize the Pittsburgh Symphony Orchestra in 1926 and served as it manager for the next 25 years, died yesterday in West Penn Hospital.

Mr. Specter, 72, lived in the Carlton House, downtown.

An attorney as well as a musician, Mr. Specter was credited with keeping the orchestra together in its early years through extensive fund-raising, when the organization was a musical success but experienced hard times financially.

In 1952 Mr. Specter resigned as orchestra manager to become a theatrical producer in New York, where he remained until last year.

Upon his return to Pittsburgh he joined a law firm in the Frick Building, downtown.

Mr. Specter played trumpet with a restaurant orchestra while attending the University where he was graduated with honors in 1923.

He was a member of Pi Lambda Fraternity, Rodef Shalom Temple and the Allegheny Bar Association.

Surviving are his sister, Mrs. Ruth Scholnick of Pittsburgh, and two brothers, Harry of Pittsburgh and H. Herbert of St. Petersburg, Fla.

Services will be at 4 p.m. tomorrow at the H. Samson Inc. Funeral Home, 537 N. Neville Ave., Oakland, where friends will be received one hour prior to services.

Burial will be private.

The family suggests memorial contributions to the Edward Specter Fund for the Pittsburgh Symphony.

KANSAS CITY SHOWS HOW TO DO THE JOB

Mr. SYMINGTON. Mr. President, for more than 30 years Kansas Citians have had the opportunity to advise their elected officials of their needs and participate in the management of their city through a system of neighborhood councils.

Created during World War II in an effort to work on juvenile delinquency and later expanded to cover all city problems, the councils assure a voice for each of the diverse neighborhoods of Kansas City, the third largest U.S. city in terms of area. At the same time, the councils also provide a sounding board where city officials can discuss current and proposed programs, determine areas where services need improvement, and anticipate the impact of their decisions.

An article in the Washington Star-News April 2 cited the Kansas City experience with neighborhood councils as an excellent example of the worthwhile type of citizen participation program proposed for the District of Columbia if Washington voters approve home rule in their May 7 referendum.

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

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

[From the Washington Star-News, Apr. 2, 1974]

KANSAS CITY SHOWS HOW TO DO THE JOB

(By Corrie M. Anders)

KANSAS CITY, MO.—The large woman rose from her seat in the basement of St. Francis Seraph Church and stared sternly at Mayor Charles B. Wheeler Jr.

"Mr. Mayor," she began, "what can you do about cleaning up around the railroad tracks? There is soybean and corn spilled all over the place The rats are as big as I am. . . ."

She emphasized the stink of the rat infestation with a frown and sat. Even as the mayor was removing his pipe to respond, a man wearing white socks, dirt-covered workshoes and a blue parka rose to complain.

"I don't like to bring troubles to you," he said. "You've got enough, just like this body. But the trash is always picked up in those other neighborhoods, no matter what day it is.

"And down here, we know there are thousands and thousands of rats. I could take you down to the river and shine my headlights and you would see hundreds of rats. Why can't you bait these rats all the time instead of just special projects?"

Mayor Wheeler puffed at his pipe and listened to the charges from the 50 persons present for the meeting—sponsored by the Northeast Industrial District Community Council. The long-dormant council was revived six months ago when the city threatened—and then put off under the council's pressure—to close down the neighborhood's only public institution, an elementary school.

The northeast community is isolated by a scenic bluff and the Missouri River from the heart of the city and its services—much like the Anacostia community in the District. The area is called by its detractors "East Bottom"—literally and figuratively.

It is a community of approximately 500 families—low income working-class, white and Spanish-surnames.

"The best argument you've got," the mayor told the group, "is that services down here should be like anywhere else." He promised to renew the rat-baiting program and said, "Perhaps now is a good time to re-evaluate a decision that's 15 years old and caused all these problems."

Although far from being one of the strongest community councils in the city, the northeast council demonstrated its clout in beating back the city's decision to close the elementary school. And the council recently won a promise from a major grain company to help clean up the area.

There are approximately 140 neighborhood councils in this city of 507,000, which is 22 percent black. They are a variation of the Advisory Neighborhood Council concept that Washington voters wil be asked to approve in the May 7 referendum.

Kansas City has had this form of government decentralizaton since 1943. Its structure offers an excellent historical perspective of the advantages, disadvantages, achievements and operations of advisory councils.

The neighborhood councils range in membership from a dozen to several hundred persons. About half of the councils are formed on geographic lines, while the remainder are based on functional concerns, such as housing or police protection.

Individually and collectively, the councils have won some pitched battles with the city. They carry an enormous political club and city officials listen when they speak.

"They don't always get everything they want," said one city official, "but they don't always lose either."

Kansas City has a mayor, city manager and 12-member city council—six of whom are elected by districts and the remainder at large.

The neighborhood councils have an easy rapport with the city's elected officials and very seldom get into general fights with City Hall, primarily because the concept has been around so long that the two sides understand each other. Any battles usually are fought over a particular issue and once resolved, the antagonism does not linger.

Department heads frequently visit neighborhood council meetings, like the mayor's visit to St. Francis Soraph, and often will attend two or three meetings a night. The city also maintains close contact with its citizens by taking budget hearings into seven or eight neighborhoods.

The neighborhood councils are completely autonomous of the city. They have no staff or funding except for one highly active group which has hired its own housing specialist. Instead, they are served by the city's Community Development Division, a 17-member professional and support staff which, although paid for by the city, maintains its independence from City Hall.

The city has so many neighborhood councils primarily because of its geography and because the "area of interest varies from one end of the city to another," CDD Director James Reefer said in a recent interview.

Kansas City is the third largest U.S. city in terms of land, with 316 square miles. Sprawled across three counties, its north-south boundary stretches farther than from the District to Baltimore and its east-west boundary is about half as long.

The city also has advisory councils in the Model Cities and urban renewal areas. However, these have their own staff and salaries and operate independently of the Community Development Division.

That the advisory council concept has worked so well and for so long stems primarily from the fact that they they were initiated by the city itself and not by demands of the community.

The idea evolved in the war year of 1943 when juvenile delinquency was rampant in the city, with fathers in combat zones and mothers working. The problem was turned over to the city's welfare department.

"We decided it was a neighborhood problem," said L. P. Cookingham, who was city manager at the time. "The police couldn't do anything about it, so we came up with the community council idea"—seeking the help of established groups such as churches and civic associations.

The city quickly realized that juvenile delinquency was only part of a much larger problem—which was a city-wide concern—and decided to broaden citizens' participation.

The first councils were set up around 12 communities, each representing a public high school district. One city staff specialist was assigned to serve each of the 12 councils.

Then smaller neighborhood councils were formed to serve areas around elementary school districts. In those early years, the councils concentrated on civic improvements, such as playgrounds, better transportation, sanitation, street lights and housing code enforcement.

Membership and the power of the councils declined during the placid 1950s and early 1960s. There were only 35 such councils five years ago. They experienced a resurgence during the social upheavals of the late 1960s.

The degree of activity varies from group to group. Some councils have been active since the inception of citizens participation 31 years ago. Others spring up overnight over a particular issue and die just as quickly, as one official added that "once they get their street lights repaired, they just stop meeting."

Almost any group of residents can create a neighborhood council and receive expert help from the CDD. There have been occasions when a rump group has split from a neighborhood council to form its own body.

The CDD has a fiscal 1974 budget off $167,-368—paid for out of general funds. The department provides staff and consulting assistance to the councils on request. The staff gathers information, helps to analyze a particular problem, aids in setting priorities, helps to plan courses of action and mobilize resources.

"We go over their needs and concerns and give factual matter and help provide alternatives," Judy K. Laffon, a CDD supervisor, said. "Our role is one of helping them to be their own advocate."

If there is a fly in the concept's ointment, it is a feeling by a minority of city council members that the CDD is too helpful, and that perhaps its budget is too large.

Although the councils are more advisers to the city and are concerned primarily with their own neighborhoods, there are key issues that can unite them into a formidable band of angered citizens ready for a protracted battle. More often than not, the issues are freeways, correctional facilities and large-scale zoning changes.

In 1971, the city adopted a traffic plan to build a major corridor through the western part of the city, a richly diverse area with a high percentage of senior citizens and youths, high-rise apartments, small single-family homes and mansions.

The area already had five major corridors and the citizens were heatedly opposed to another, which they said would "wipe out their homes" and divide the community. Led by the Westport Community Council, the citizens used mass leafleting, meetings and the media to oppose the freeway.

City council members were called into the community and asked what they thought about the proposals, with the near-certainty they would lose voter support if they admitted favoring the project. The strong lobbyist effort worked and the corridor was removed from a bond issue at the time. Another battle five years ago to build up the South Midtown Freeway still is in the planning stage and the citizens appear to have lost that fight.

THE LONGEVITY RATE IN NEBRASKA

Mr. CURTIS. Mr. President, I am a little tired of people who, upon learning of the longevity rate in Nebraska say, "In Nebraska, you don't really live longer. It just seems longer."

I finally have an answer in the form of a column that appeared in the Chicago Tribune. The item was sent to me by a well-known publisher in the Cornhusker State, Thomas C. Hickey of Lincoln. Tom and I both intend to take advantage of as much Nebraska longevity as we can.

Mr. President, I ask that this column be printed in the RECORD so my colleagues might better understand that we do live longer in Nebraska and that we enjoy it more.

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

WHAT'S NEBRASKA'S SECRET?

In Nebraska, it seems, the chances of living a longer life are better than in any other state. The average longevity there is 71.95 years compared with a national average of 71.2.

To get a proper perspective, of course, we must remember that Nebraska's longevity is exceeded in such places as Scandinavia, the Netherlands, Germany, and Canada. But the obvious question still arises: What do the Nebraskans have that the rest of us don't have?

The experts, of course, will give a lot of useless explanations such as homogeneous population, little urban poverty, the rural life, and an invigorating climate [which is a euphemistic way of saying that the temperature may range from 23 below to 123 in the shade, if you can find it]. It is also worth noting that the forbears of today's Nebraskans came primarily from Scandinavia, the Netherlands, Germany, and Canada, which may not be wholly irrelevant.

But we call these explanations useless because they are not things that the rest of us can do very much about. We prefer to think about things we can control, so we shall pass along some information we have gathered about the idiosyncrasies of Nebraskans which may or may not be helpful.

Nebraskans are noted for working hard, especially out of doors. Nebraska has one of the lowest alcoholic consumption rates and divorce rates in the country. It has the simplest state income tax law [13 per cent of your federal tax, period]. It grows much of its own food, so that meddlesome middlemen are less likely to slip artificial coloring, additives, and so forth into it. Nebraskans are as firmly opposed to pornography as anybody in the country. And finally [hold your breath], they have the best record in the country for voting Republican.

We offer no opinion as to which of these are the determining factors. But surely each of us can find something there that suggests he is doing the right thing. And that in itself should give him a certain amount of contentment—which, after all, is probably the most important ingredient of longevity.

THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, the history of the United States begins with a profound human rights document—the Declaration of Independence. Since that time the United States has led the crusade among nations in the field of human right.

In fact, it was our American leadership at the San Francisco Conference in 1945 that resulted in a strong human rights section in the Charter of the United Nations. We recognized then that the denial of human rights and human dignity creates a prime source of potential conflict and a threat to international peace.

And 25 years ago the United States also used its leadership for the drafting of the Genocide Convention. This was the first human rights document to be endorsed by the U.N. General Assembly, and that endorsement was unanimous. Today, the United States and the Union of South Africa are the sole remaining charter members of the U.N. who have still not ratified the treaty.

Mr. President, the cause of human rights and the promotion of international peace are inseparable. It is imperative that the United States regain its leadership in this area. We must again proclaim our support for the principles laid down by Thomas Jefferson almost 200 years ago.

I call upon my colleagues to join with me in support of the ratification of the Genocide Convention.

TRIBUTE TO VICE ADM. JOEL T. BOONE

Mr. CURTIS. Mr. President, it is with deep sorrow that I noted last week the passing of a selfless American, Vice Adm. Joel Thompson Boone, White House physician to three former Presidents.

A veteran of both World Wars, Admiral Boone served as a medical doctor, at one point as fleet medical officer to Adm. William F. Halsey. Admiral Halsey assigned Admiral Boone to the liberation of Allied prisoners of war in Japan.

His years of military service earned him the Congressional Medal of Honor, the Army Distinguished Service Cross, the Silver Star Medal with five Oak Leaf Clusters, and the Purple Heart Medal with two Oak Leaf Clusters.

A native of Pennsylvania, Admiral Boone served as White House physician to Presidents Warren G. Harding, Calvin Coolidge, and Herbert Hoover.

I think we should all pay tribute to a man who gave so much of himself to the service of his country. His record is inspiring in an era when loyalty to country is so often challenged.

I wish to express my personal sympathy to the family of Adm. Joel Boone. I wish much success to the endeavors of the Joel T. Boone Clinic at the Naval Amphibious Base in Little Creek, Va., dedicated in his honor in 1972.

Mr. President, at this time I ask unanimous consent to have printed in the RECORD the memorial tribute to Vice Admiral Boone expressed so eloquently by the Reverend Edward L. R. Elson of the National Presbyterian Church of Washington, D.C.

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

MEMORIAL TRIBUTE TO VICE ADM. JOEL T. BOONE, (M.C.)—USN RET. BY THE REVEREND EDWARD L. R. ELSON, S.T.D.

Our presence in this Church is our simple memorial of affection and esteem for Joel T. Boone whose life spoke with an eloquence our words or actions will never match.

He lived from the inside out, a discipline acquired from his Quaker boyhood and carried over into his adult years as a Presbyterian. His power came from the soul, his strength from his mind. Outward assurance and a confident demeanor was derived from an ordered mind and a soul at peace. His life was the epitome of selfless service.

The main outline of his life will inspire the coming generations as long as memory endures.

Joel T. Boone was born in St. Clair, Pennsylvania, educated at Mercersburg Academy and Hahnemann Medical College, where he received his Doctor of Medicine degree in 1913. In April 1913 he was commissioned a Lieutenant (Junior Grade) in the Medical Corps of the U.S. Navy and began a career unequaled by any medical officer in the armed services of the U.S., retiring as Vice Admiral on December 1, 1951, to become Medical Director of the Veterans Administration.

In April 1917 the young physician was assigned to the sixth Regiment of Marines at Quantico, with which unit he arrived in France in early October 1917, participating as Battalion, Regimental Surgeon in six major intensive campaigns and emerging as a legendary youth renowned throughout the world for selfless service, gallantry beyond the call of duty, and exceptional medical competency. Even before World War II he was known as the most highly decorated Medical officer in our nation's history. His 24 decorations include our nation's highest—the Congressional Medal of Honor, the Distinguished Service Cross—second highest for valor—six Silver Stars for gallantry—three Purple Hearts for wounds received in action—decorations from Italy, France, Belgium, Haiti, Korea.

On returning from the campaign of World War I he became the Attending Physician at the White House, serving Presidents Harding, Coolidge and Hoover—attending President Harding at his death and the son of President Coolidge at his death. From his White House duties in 1933 he served on the Hospital ship *Relief*, assignments ashore in San Diego and Long Beach and Seattle, until in April 1945 he became Fleet Medical officer on the staff of Admiral William S. Halsey. He represented the Medical Corps at the Japanese surrender ceremonies aboard the *U.S.S. Missouri* September 2, 1945.

By September 1949 he was on duty at the Department of Defense as Chief of Joint Plans and Action Division, Medical Services, Department of Defense.

A Fellow of professional and learned societies, he is also the recipient of honorary degrees and citations which you ought to take time to read and note. Vice Admiral Boone had two great avocations to which he was devoted—Mercersburg Academy and the National Presbyterian Church which he has loved and served for more than 40 years.

At Mercersburg, which had its origin as a Church school, he served as a member of the Board of Regents for 35 years—President of the Board for a decade, President of the General Alumni Association, 1927–41. In appreciation for their distinguished alumnus, one of the principal buildings was dedicated as Boone Hall.

In this congregation for all these years he has been loved and admired for his genuine Christian piety, selfless service and wise statesmanship. He has served numerous terms as a Ruling Elder, six years as a Trustee, of which board he was Vice President. In 1930 the General Assembly elected him to membership on the National Capital Presbyterian Commission, which in 1927 incorporated the National Presbyterian Church and began the process by which the National Presbyterian Church became a reality. Of that distinguished group on the Commission, he is today the sole survivor.

After he left the White House in the 1930s he and Mrs. Boone were my parishioners in LaJolla, and when we were separated in the military service he remained a friend and counselor as he has been here—a total of nearly 40 years. One year before Pearl Harbor when I had resigned my civilian parish in order to exercise the commission I had received as Army Chaplain in 1930 he closed a letter by saying:

"You have entered on a great adventure in the military and have burned your bridges behind you. With the international situation as uncertain as it is and at your age and with the great challenge before you to serve your country as a military entity, I feel that you have done the wise and the right thing in relinquishing your pastorate. We can only act on the future by meeting the present as our conscience dictates, not looking too far ahead, but facing the future with a determined faith".

This was more than sound counsel for me. It was the witness of his own life—a sound faith.

His highest citation came last Tuesday morning when he slipped over into life on the other side, and the King of Kings and Lord of Lords conferred the accolade.

"Well done—good and faithful servant"—Amen.

THE TRUTH ABOUT CURRENT FARM PRICES

Mr. SYMINGTON. Mr. President, last month, at a televised news conference in Houston, Tex., the President of the United States told the American people that "Farmers have never had it so good."

Since then, many Missouri farmers have sent us indignant letters asking where they could get the $14 a bushel for soybeans mentioned by the President. Most of them wrote they had sold their beans last fall for less than half the price reported by the President.

Missouri farmers also wrote they received $2.85 a bushel for corn at harvest time, and asked where they could get the $5 a bushel mentioned by the President; also, where they could sell their wheat for $7 a bushel.

Beef and milk producers write:

If we are doing so well on cattle, why are we getting 25 pecent less per hundred and losing $125 to $200 a head; and why are so many dairy farmers selling their herds for slaughter.

An editorial in the April issue of Today's Farmer magazine reports that the "Highest cash price ever paid for soybeans was $12.27 per bushel on June 5, 1973. And that was not at a country elevator."

The editorial also cites a recent Department of Agriculture study that "shows that farmers had more purchasing power during each of the years from 1942 through 1948 than they had in 1973."

Inflation, which is eroding the purchasing power of all Americans, has been particularly severe on the people of agriculture. As examples, the price of barb wire has increased 60 percent, that of gasoline 50 percent since December, the cost of fertilizer has doubled since October, and in some areas the price of propane has increased as much as 500 percent since last summer.

I ask unanimous consent that this editorial from Today's Farmer be printed in the RECORD.

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

FARMERS HAVE HAD IT BETTER

"Farmers have never had it so good," President Nixon declared last month in Houston, Tex. Millions of tv viewers, no doubt, believed that the President knew what he was talking about.

But not the cattle feeders who've been selling steers at an out-of-pocket loss of $100 or more per head.

And not the milk producers who are being squeezed out of dairying by subsidized imports of dry milk and cheese.

Not even the soybean producers—of whom not one has ever marketed beans for processing at the price of "$14 per bushel" mentioned by Mr. Nixon. (Highest cash price ever paid for soybeans was $12.27 per bushel on June 5, 1973. And that was not at a country elevator.)

True, farm prices have risen. And net farm income last year hit an all-time record high—in terms of dollars. The average farmer has handled more dollars during the last winter than ever before. But they were cheap dollars.

What about purchasing power? That's the true measure of how well farmers are doing. It's revealed in a USDA study—which, for some reason or other, does not seem to get much attention.

Purchasing power of dollars earned from farming last year was greater than in the recent years preceding. But it was no record-breaker.

In fact, the USDA study shows that farmers had more purchasing power during each of the years from 1942 through 1948 than they had in 1973. And with present price trends, that's sure to be true for 1974.

So let's keep the record straight. True, farmers have had it worse. But they've also had it better. With inflation, cheap dollars and climbing costs, farmers still have problems—serious problems of survival. And those problems will not go away, just because the President of the United States says that all is well.

NEBRASKA REPUBLICAN FOUNDERS' DAY

Mr. CURTIS. Mr. President, a former Member of this body, Mr. Fred A. Seaton of Hastings, Nebr., died on the 16th day of January 1974. He was one of Nebraska's leading citizens and he had a long record in public service.

At the Annual Nebraska Republican Founders' Day held in Lincoln, Nebr. On April 6, 1974. The Honorable Val Peterson, distinguished former Governor of Nebraska and former Ambassador to Denmark and Finland, paid a much deserved tribute to Mr. Seaton. I ask unanimous consent that Governor Peterson's remarks be printed in the RECORD.

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

TRIBUTE BY VAL PETERSON TO FREDERICK ANDREW SEATON, NEBRASKA REPUBLICAN FOUNDERS' DAY

Born in the District of Columbia, raised in Kansas, Fred Seaton adopted Nebraska in the days of depression, drought and dust and over the years became cherished by Nebraska as one of her very own.

Fred was above all a top flight newspaperman. He loved good writing and speech. Fractured English caused him to shudder. He saluted the reporter who dug out the facts, presented them in orderly and concise manner and with objectivity. He knew that a democracy cannot survive without a vigorous, a fair and free press. Newsmen who slanted, twisted, sensationalized and distorted the news had his contempt.

Seaton was a politician's politician. He had a sharp sense of political strategy and many went to him for political advice. He was confidant and friend to two Presidents of the United States, Dwight Eisenhower and Richard Nixon, as well as secretary to a great Kansan, Governor Alfred Landon, who in 1936 faced the invincible FDR.

Fred Seaton held many responsible positions in government. He served as State senator, U.S. Senator, Assistant Secretary of Defense and deputy assistant to the President. As Secretary of Interior he had responsibilities throughout the mainland, the Caribbean and the Pacific. He, too, represented the President on several foreign assignments. Secretary of Interior was his highest title, but the job he cherished above all, was as a member of President Eisenhower's staff. The White House, he felt was here the action and power are found.

Fred Seaton was scrupulously honest in business, government and intellectually and no one who accepted his counsel became involved in slippery, shoddy or shady activities. His brand of honesty was and is absolutely essential in government. Thank God it is more widely present in government than many believe.

Fred knew that the political party is the best device yet found to permit the people to express their wishes in governmental matters—the selection of leaders and the formulation of policies. He respected our political system and the men who served in it while always ready to join in efforts to improve the system and the practitioners.

Fred, whose life was much too brief, was highly active in the Republican Party for forty-two years. It is fitting that at this Republican founders' day gathering we remember his valued services to this organization and his many contributions to our State and Nation.

GENERAL EDUCATION PROVISIONS ACT

Mr. BENTSEN. Mr. President, I was particularly pleased to see the conference report on H.R. 12253 approved on Thursday, for it contains the essence of two bills I introduced last year and this year.

On September 24 of last year, I introduced a bill to eliminate the "needs test" in the guaranteed student loan program for college students from families earning less than $15,000 a year. The so-called needs test, unwisely included in the Education Amendments of 1972, required students applying for guaranteed loans to make a complete disclosure of their family assets to receive a guaranteed loan.

Distortions immediately developed, and the number of student loans fell dramatically. This was largely because a "means test" can be deceptive; it can be blind to whether a family holds liquid or nonliquid assets, family need in a restrictive and arbitrary way, cutting students out of the program who had been in before.

Mr. President, I believe we must give the poor a priority in student aid programs, but we cannot overlook those of moderate income, who are victims of inflation and of the severe rise in college costs. Too often in our aid programs we neglect to the moderate income American, who has been heavily burdened by State and local taxation and rising prices. These neglected Americans become more resentful and direct their resentment against the poor and the Government. What I am suggesting is that there must be a more equitable sharing of costs and benefits in these programs, while maintaining our concern for the poor.

The provision in the conference bill eliminates the "needs test" for loans up to $2,000 in families with $15,000 in income. That is a very significant step, and I applaud the Conferees for their action.

The second part of H.R. 12253 contains the thrust of S. 2907, which I introduced in January of this year. It allows local school districts to carry over unexpected education funds from this fiscal year and fiscal 1973 into the following fiscal year.

If we are to give our local school administrators some degree of confidence that they can expend Federal funds wisely, this provision is essential. We recently had substantial fiscal 1973 education funds released, which had formerly been impounded. In addition, school districts have not expended all of their fiscal 1974 funds. This provision, allowing them to carry over these funds until next year, assures that these funds will not be spent in a hasty and careless manner.

I believe we must work beyond this provision to assure forward funding of education programs so that our school administrators can engage in effective, long-range planning. For too long they have lived with uncertainty, not knowing the thrust or the amount of Federal funds they can expect. It is time that we remedy this situation and introduce a degree of certainty into our Federal education programs.

I commend the conferees for this bill, and I urge the President to act swiftly to sign it into law.

EXIMBANK SOVIET LOAN POLICY

Mr. SCHWEIKER. Mr. President, I ask unanimous consent to have printed in the RECORD the text of the statement I made before the Subcommittee on International Finance of the Committee on Banking, Housing and Urban Affairs, together with attachments.

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

EXIMBANK SOVIET LOAN POLICY

I appreciate the opportunity to testify today before the Subcommittee on International Finance of the Banking, Housing and

Urban Affairs Committee concerning current lending procedures of the Export-Import Bank. My testimony will deal with five basic areas: (1) requirements of existing law; (2) elements of U.S. national interest; (3) impact of compliance with existing law; (4) roles of Congress and Executive; and (5) recommendations for action.

1. *Requirements of Existing Law.* Section 2(b)(2) of the Export-Import Bank of 1945, as amended, 12 U.S.C. 635(b)(2), provides:

"The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 2370(f) of Title 22), or agency or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency, or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

"except that the prohibitions contained in this paragraph shall not apply in the case of any transaction which the President determines would be in the national interest if he reports that determination to the Senate and House of Representatives within thirty days after making the same."

As you know, on January 31, 1974, I requested the Comptroller General of the United States to determine whether this provision required an individual Presidential determination of national interest, submitted to Congress, for each Eximbank transaction with a Communist country. The Comptroller General, in ruling B–178205 dated March 8, 1974, agreed with my contention that such individual Presidential determinations, for each transaction, were required. On March 11, the Bank suspended all loan transaction with Communist countries, until March 22, when it resumed such transactions in accordance with its prior practice. The basis of resumption was an opinion of the Attorney General, dated March 21, 1974, to the effect that the prior practice of issuing blanket Presidential determinations, for each country, was consistent with existing law.

I know Comptroller General Staats has ably defended the merits of his ruling before this Subcommittee, and I have included his full opinion as an exhibit to this testimony. I fully support the Comptroller General's position, and, without dwelling at length on the legal arguments, I would simply like to respond to what seems to be the central thrust of the Attorney General's opinion, i.e., that blanket Presidential national interest determinations, by country, are legal, despite explicit statutory language to the contrary, simply because Congress never objected to the practice.

Mr. Chairman, there is no such principle of law. An act which is illegal the first time is also illegal the second time and the tenth time and so on, unless the law is changed. According to the Attorney General's reasoning, a transaction could apparently be 100% illegal the first time, but only 80% illegal the second time, and maybe 50% illegal the fifth time, until finally, by magic, it becomes 100% legal. And this magic transformation, implies the Attorney General, occurs solely because Congress—which has no Constitutional law enforcement authority—failed to act to enforce the law.

I submit that this new principle of statutory interpretation—the notion that Congressional failure to enforce a specific legal provision can reverse the meaning of that provision—has far-reaching and serious implications, implications that challenge the historic legislative role of Congress. Even if we accept, for purposes of argument, the questionable legal theory of ratifications by inaction, the legislative history of the Export-Import Bank Act does not support the conclusion that Congress, by inaction, has accepted the blanket country-by-country determination of national interest. To the contrary, debate clearly indicates the insistence of Congress that ". . . if, for example, there are 20 such determinations, the President will report 20 different times." (109 Cong. Rec. 25416–17).

In summary, Mr. Chairman, I believe the current law clearly requires an individual Presidential determination of national interest, for each Eximbank transaction with a Communist country. In the latter part of my testimony I will suggest appropriate remedies to end the current Bank practices which are contrary to law. But at this point, I would hope my testimony has clearly established that blanket national interest determinations, by country, have *not* been unanimously accepted by a passive Congress. I am opposed to past Eximbank practice, I am opposed to the Bank operating in defiance of the law, and I will continue to seek legislative action to end this practice.

2. *Elements of U.S. National Interest.* Some might wonder, Mr. Chairman, why the Presidential determination of national interest is so important. After all, under existing law, if the President did issue a determination of national interest for each transaction, as required, the Congress would have no veto power, and so Bank business could continue as usual. So this might appear at first glance to be an argument about form, not substance.

Nothing could be more incorrect. The Presidential determination of national interest is virtually the only substantive guarantee which insures that Eximbank transactions with Communist countries are not detrimental to our national interest. I have no general objection to East-West trade of nonstrategic items, which are not in short supply here. I do not oppose selling trucks to Poland or trains to Yugoslavia. But I do oppose the notion that a single Presidential determination can establish, years in advance, that it will be in our national interest to finance not only trucks and trains, but also computer technology and energy exploration in Communist countries.

The Eximbank is intended to assist American industry in competing internationally, particularly against foreign State-subsidized industries. The underlying assumption has been that since this country has unlimited capacity to produce goods for export, exports should be encouraged.

Mr. Chairman, I do not think this historical assumption is valid in 1974, and I would hope these hearings will explore our new situation. Instead of having unlimited export capacity, we now have massive shortages here in this country. Steel, petrochemicals, fertilizer, wheat—these items are only the tip of the iceberg. In these circumstances, the whole concept of Eximbank export subsidies should be reviewed. But while that review is taking place, we should insure that additional exports of scarce items are not subsidized; these scarcities did not exist in 1972, when the President issued his blanket national interest determination, and that determination is clearly invalid today.

I believe the proposed Russian energy investments are particularly contrary to our national interest. On March 24, 1974, the *Philadelphia Inquirer* carried an article by Donald L. Bartlett and James B. Steele entitled "Oil Firms Drilling Abroad—Skip U.S." This article, which I offer as an exhibit to my testimony, describes how major oil companies are pursuing foreign oil exploration, while ". . . the number of rigs drilling for oil in the Gulf of Mexico off Louisiana—the nation's major offshore oil producing region—is the lowest it's been in years and the amount of oil produced there daily is declining." The article discloses that the federal oil reserves under lease from which *no oil* is being produced are currently at a seven-year high. And industry officials explain the reduction in domestic energy production by saying there are not enough oil drilling rigs. *Not enough rigs,* for American energy exploration, Mr. Chairman—and yet the Eximbank is presently considering a $49.5 million application for energy exploration in the Yakutsk area of Eastern Siberia.

After the Yakutsk deal, the next 7% American investment in Soviet energy on the agenda is the $7.6 billion North Star project. Of this total, American capital will account for about $6 billion of the total, with the Eximbank once again taking the lead. Proponents of the North Star investment argue that the Russian natural gas reserves are so vast it does not make sense to pursue energy exploration anywhere else.

But proponents of this deal do not talk much about the security of this Siberian investment—perhaps because in large measure it would be an investment by American taxpayers, with limited corporate exposure. They do not talk about the official Russian efforts to continue the Arab oil embargo after the Arabs had decided to end it. They do not talk about the recent Russian energy price hikes to Finland, or the Russian oil cut-off against West Germany. Indeed, in the brochure describing this deal, under the heading "Security of Supply" the only reassurance is that the energy involved will account for only .6% of total 1980 U.S. energy requirements.

There is no response to the recent *Washington Post* editorial entitled "Moscow's Hand on the Pump," which reads in part as follows:

"The Soviet Union has made a good thing in the past about being a fair and reliable trading partner. This reputation has served it well, the Economist recently noted, in inducing West Europeans to deliver large quantities of steel pipe and other equipment, against promises to be paid in future oil or gas. Yet in the Finnish case, the Russians jacked their prices through the roof. With Germany, they simply stopped delivering for a while and then resumed the flow but, again, at much higher prices. In brief, neither on the supply front nor the price front have they treated their traditional customers well—customers with whom they have no outstanding political differences, moreover. If the Russians began to run short of energy themselves, as many foreign experts expect they will, would they fulfill their contracts for export sales? These are matters which must be taken into account in the United States' own deliberations on the advisability of making large long-range investments in Soviet gas and oil."

There is no response to the New York Times editorial of March 14, 1974, which states:

"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."

Until we have answers to those questions, Mr. Chairman, and ironclad assurances of security, the national interests of the United States will not be served by Eximbank subsidy of Siberian energy development.

3. *Impact of Compliance With Existing Law.* In view of these clear questions of national interest, I am frankly at a loss to understand why the Eximbank so stubbornly resists compliance with existing law. It is useful, therefore, to consider exactly what such compliance would entail.

At present, every thirty days the Exim-

bank submits to the appropriate Committees of Congress a list of all of its transactions with Communist countries. This list is normally a simple one-page document. To comply with existing law, the Bank would simply be required to forward this same list to Congress by way of the White House, where the President would certify that the listed transactions are in the national interest. There would be no delay, no Congressional veto power, no bureaucratic nightmare.

But there would be one vital new element. If the law were followed in this fashion, the Congress—and the American people—would have the benefit of the President's personal certification that the listed transactions are transactions deserving of U.S. Government support. Why does the Eximbank resist this? Why does the President not do this voluntarily, without additional legislation? I do not know the answers to these questions, Mr. Chairman, but I do know we are now living with the shortages and high prices resulting from the Russian wheat deal, and I submit we no longer can afford the luxury of lax practices which could lead to a Russian energy deal.

The Eximbank is intended to encourage exports. The bankers there—quite properly—are advocates of expanded American exports, in all areas. To permit these advocates to determine our national interest is about like letting the District Attorney be the final judge of guilt or innocence, and that simply does not make sense to me.

4. *Roles of Congress and Executive.* Recent Eximbank transactions do not make sense to my constituents either. At the height of the Arab oil embargo, for example, the Eximbank loaned $100 million, at 6% interest, to five of the Arab countries embargoing us. The purpose? To finance the Su-Med pipeline, to ship Mideast oil to Western Europe, *not* to the United States—with big profits for the Arab countries embargoing us. Apparently the Eximbank notion of national interest is American imperialism in reverse: instead of flexing our economic muscle overseas, we now reward those nations which nationalize our industries and cut off our energy, with $100 million loans at 6% interest. The Eximbank concedes that Egypt has defaulted on prior loans, but now says the Su-Med loan had been "approved" but not "closed," pending negotiation of satisfactory security to insure repayment by Egypt.

Mr. Chairman, this is outrageous. The hard-pressed taxpayers in my State do not want to be left with some technical legal right to foreclose a pipeline mortgage in the Egyptian desert. The argument was if we didn't finance the Su-Med pipeline the Russians would, and yet now the Eximbank claims the Russians lack sufficient hard currency to finance their own pipeline. I'm tired of hearing we must do this deal or that deal against our national interest, because if we don't, the Russians will. My constituents don't accept that reasoning, and I don't accept it, and I can tell you today that the American people would not finance that Su-Med pipeline if the Eximbank had consulted them.

Mr. Chairman, I could go on but I think the point has been made. I think the American people know it's against our national interest to subsidize these deals, and I think a majority of Congressmen and Senators know it. The question is, what are we going to do about it?

The answer to that should be clear. The Comptroller General is the lawyer for Congress, and his ruling was totally unambiguous. Yet his ruling is presently being ignored by the Executive Branch. I can understand why the polls show public respect for Congress at an all-time low. I can understand why we hear about the lazy, indecisive, inept Congress. If the Congress of the United States is willing to sit back and let the Eximbank resume business as usual, in open defiance of the law and the Comptroller General, then I submit this criticism is justified, this disrespect is deserved.

The underlying issue is not how we structure our international trade policy, although that is important. The underlying issue is whether the Congress of the United States has the courage and the will to make an Executive Branch agency obey the law, and that is the issue which will make—or break—the reputation of Congress with the American people.

5. *Recommendations for Action.* I have introduced two proposals to deal with this situation. First, S. 3229, the Soviet Energy Investment Prohibition Act, would absolutely prohibit any U.S. Government-supported investment in energy exploration or production in the Soviet Union. Senators Ribicoff, Dominick and Scott of Virginia have joined in cosponsoring this measure, and I would hope this Subcommittee would consider adding my bill as an amendment to the basic Export-Import Bank authority.

Second, I have advised my colleagues on the Appropriations Committee of my intention to introduce, in Committee, an amendment to the Second Supplemental Appropriations bill which will prohibit the Eximbank from obligating or expending any funds, for program or administrative expenses, until the Bank complies with the Comptroller General's ruling with regard to Section 2(b)(2) loans. I intend to push for action on this measure, to insure that existing law is complied with while your Committee's consideration of the basic Bank authority continues.

Finally, I submit for the consideration of your Committee an amendment which I have prepared, which would insure that in the future, the vital national interest determination will not be delegated to anonymous officials at the Eximbank. I think this amendment will guarantee that the President personally makes the national interest determination, and I would urge you to add this provision to the basic Bank authority.

JANUARY 31, 1974.

Hon. ELMER B. STAATS,
U.S. Comptroller General, General Accounting Office, General Accounting Office Building, Washington, D.C.

DEAR COMPTROLLER GENERAL STATTS: I have been informed that the Export-Import Bank is presently considering an application by the Soviet Union for a $49.5 million direct loan to be invested in an energy development project in the Yakutsk area in Eastern Siberia. In addition, the Soviet Union is expected to seek additional Export-Import Bank credits to finance the $7.6 billion North Star energy development project in Western Siberia.

It is my understanding that the Export-Import Bank Act of 1945, as amended, provides that the Bank ". . . shall not guarantee, insure or extend credit . . . in connection with the purchase or lease of any product by a Communist country . . . except . . . in the case of *any transaction* which the President determines would be in the national interest *if* he reports that determination to the Senate and House of Representatives within thirty days after making the same [emphasis added].

It is my further understanding that President Nixon, by Presidential determination dated October 18, 1972, has declared it to be in the national interest for the Export-Import Bank to extend credit to the Soviet Union. Subsequent to such Presidential determination, the Export-Import Bank has extended credits to the Soviet Union in numerous transactions, and has reported such transactions to Congress every 30 days, but no separate Presidential determination of national interest has been issued by the President in connecion with any of such transactions.

I would appreciate having your investigation and conclusions in response to the following questions:

(1) In view of the restrictions contained in the Export-Import Bank Act of 1945, as amended, has the Export-Import Bank acted in compliance with applicable law in extending credit to the Soviet Union in the absence of individual Presidential determinations, submitted to Congress, to the effect that each such transaction is in the national interest?

(2) Regardless of the legality of prior loans, in view of the present American energy crisis, can the Export-Import Bank legally extend credit to the Soviet Union for the pending Yakutsk energy development project in the absence of the specific Presidential determination, submitted to Congress, that such transaction is in the national interest?

(3) What is the total amount of Export-Import Bank funds presently outstanding in loans, guarantees or insurance to the Soviet Union, and what is the total amount of federal funds presently committed to energy research and development in the United States?

In view of the pendency of the Soviet credit application with the Export-Import Bank, I would appreciate your response at the *earliest possible date.*

Thank you very much.

Sincerely,

RICHARD S. SCHWEIKER,
U.S. Senate.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 8, 1974.

Hon. RICHARD S. SCHWEIKER,
U.S. Senate.

DEAR SENATOR SCHWEIKER: Your letter of January 31, 1974, raises several questions concerning the participation of the Export-Import Bank (Eximbank) in transactions involving the Soviet Union. These questions arise primarily in view of section 2(b)(2) of the Export-Import Bank Act of 1945, as amended, which prohibits the Bank from guaranteeing, insuring or extending credits in connection with the purchase or lease of any product by a Communist country except in the case of any transaction which the President determines would be in the national interest and so reports to the Congress.

You state it to be your understanding that on October 18, 1972, President Nixon determined it to be in the national interest for Eximbank to extend credits to the Soviet Union. Subsequent to this Presidential determination, Eximbank has extended credits to the Soviet Union in numerous transactions, and the Bank has reported such transactions to the Congress. However, no separate determination of national interest for each individual transaction has been issued by the President.

You also indicate that Eximbank is presently considering an application by the Soviet Union for a $49.5 million direct loan to be invested in an energy development project in the Yakutsk area of Eastern Siberia, and that the Soviet Union is expected to seek additional Eximbank credits to finance a $7.6 billion North Star Siberia.

In consideration of the foregoing matters, you request our response to the following specific questions:

(1) In view of the restrictions contained in the Export-Import Bank Act of 1945, as amended, has the Bank acted in compliance with applicable law in extending credit to the Soviet Union in the absence of individual Presidential determinations, submitted to Congress, to the effect that each such transaction is in the national interest?

(2) Regardless of the legality of prior loans, in view of the present American energy crisis, can the Eximbank legally extend credit

to the Soviet Union for the pending Yakutsk energy development project in the absence of a specific Presidential determination, submitted to Congress, that such transaction is in the national interest?

(3) What is the total amount of Eximbank funds presently outstanding in loans, guarantees or insurance to the Soviet Union, and what is the total amount of Federal funds presently committed to energy research and development in the United States?

As you indicate, the President made a determination concerning extension of Eximbank credits to the Soviet Union on October 18, 1972. The full text of this determination, as published at 37 F.R. 22573 (October 20, 1972), is as follows:

"THE WHITE HOUSE,
"Washington, October 18, 1972.

"I hereby determine that it is in the national interest for the Export-Import Bank of the United States to guarantee, insure, extend credit and participate in the extension of credit in connection with the purchase or lease of any product or service by, for use in, or for sale or lease to the Union of Soviet Socialist Republics, in accordance with Section 2(b)(2) of the Export-Import Bank Act of 1945, as amended.

"RICHARD NIXON."

This determination was reported to the Congress on the date it was made. See Congressional Record for October 18, 1972, p. 37204 (Executive Communication No. 2432). Obviously this document evidences a determination that it is in the national interest to extend credits to the Soviet Union as a general matter, and without reference to any particular transaction or transactions.

Your first question, as to the validity of such a general determination, requires consideration of the legislative history of section 2(b)(2) of the Export-Import Bank Act and prior appropriation act provisions.

Section 2(b)(2) of the Export-Import Bank Act of 1945, as amended, 12 U.S.C. 635(b)(2), provides, quoting from the United States Code:

"The Bank in the exercise of its functions shall not guarantee, insure, or extend credit, or participate in any extension of credit—

"(A) in connection with the purchase or lease of any product by a Communist country (as defined in section 2370(f) of Title 22), or agency or national thereof, or

"(B) in connection with the purchase or lease of any product by any other foreign country, or agency, or national thereof, if the product to be purchased or leased by such other country, agency, or national is, to the knowledge of the Bank, principally for use in, or sale or lease to, a Communist country (as so defined),

"except that the prohibitions contained in this paragraph shall not apply in the case of any transaction which the President determines would be in the national interest if he reports that determination to the Senate and House of Representatives within thirty days after making the same."

The above-quoted provision was added by section 1(c) of the act approved March 13, 1968, Pub. L. 90-267, 82 Stat. 47, 48. The 1968 act was in this regard based upon a somewhat similar limitation which had been carried in appropriation acts for prior years.

The appropriation act limitation first appeared in the Foreign Aid and Related Agencies Appropriation Act, 1964, approved January 6, 1964, Pub. L. 88-258, 77 Stat. 857, 863, as follows:

"None of the funds made available because of the provisions of this Title shall be used by the Export-Import Bank to either guarantee the payment of any obligation hereafter incurred by any Communist country (as defined in section 620(f) of the Foreign Assistance Act of 1961, as amended) or any agency or national thereof, or in any other way to participate in the extension of credit to any such country, agency, or national, in connection with the purchase of any product by such country, agency, or national, except when the President determines that such guarantees would be in the national interest and reports each such determination to the House of Representatives and the Senate within 80 days after such determination."

The same language was included in the appropriation acts for 1965 (78 Stat. 1022), 1966 (79 Stat. 1008), 1967 (80 Stat. 1024-25), and 1968 (81 Stat. 943).

The appropriation act limitation, as originally enacted in 1964, represented a compromise between proponents of a flat prohibition against Eximbank participation in any transactions involving Communist countries, led by Senator Mundt and Representative Findley, and those members who insisted upon according discretion to the President. However, the legislative history indicates that this languague was intended to require a specific Presidential determination for each transaction to be exempted from the prohibition. Thus Senator Mundt commented as follows in a statement appearing at 109 Cong. Rec. 25619:

"* * * The compromise language which we finally developed in the conference report and which has been adopted by the House is a significant and important policy recommendation by Congress and a firm expressional intent. It contains the same specific prohibition against extension and guarantees of credit to the Communist nations contained in S. 2310 but it provides an escape clause to be used by the President of the United States only—and I repeat only—when he himself finds in the case of each proposed credit transaction that he believes it to be in the national interest * * *.

* * * * *

"I am confident there are many in Congress and throughout the country—and I include myself among them—who will want to scrutinize each such transaction most intently and carefully if it should actually eventuate and be authorized. * * *

"Thus, I am well satisfied with the policy declaration and the specific prohibition in this matter contained in the conference report and by the work accomplished by the House-Senate conference committee in writing into this foreign aid appropriations bill a prohibition which can be voided only by specific Presidential action to be publicly reported in each case within 30 days to both Houses of Congress."

The same intent seems to be manifested during House consideration of the conference report. Mr. Passman observed:

"* * * The so-called Mundt amendment which was agreed to by the conferees requires two things specifically: The President must determine that financing such assistance by the Export-Import Bank is necessary, and the President must report each such determination * * *.

* * * * *

"* * * If, for example, there are 20 such determinations, the President will report 20 different times * * *." 109 Cong. Rec. 25416-17.

In response to an observation that the President had already in effect determined that sales of wheat and other agricultural products to the Soviet Union were in the national interest, Mr. Rhodes stated:

"Of course, the gentleman realizes that a new determination has to be made with each transaction under the terms of this amendment?" *Id.* at 25418.

As noted previously, the present statutory provision was enacted in 1968 by Public Law 90-267. The report on the 1968 legislation by the Senate Committee on Banking and Currency noted the similar provision contained in prior appropriation acts, but pointed out:

"* * * the committee provision goes beyond the existing provision in two respects. First, as indicated, *it would require a determination of national interest by the President in the case of indirect as well as direct transactions* with Communist countries. Second, the provision becomes a part of the Bank's statutory charter and does not need to be adopted each year by the Congress as in the case with the appropriation act." S. Rept. No. 493, 90th Cong., 1st sess., 4. (Italics supplied.)

The conference report commented with reference to the provision enacted:

"The Bank is also prohibited from participating in credit transactions in connection with the purchase or lease of any product by a Communist country * * * *except after a Presidential determination communicated to Congress within 30 days after it is made, that the transaction would be in the national interest.*" H. Rept. No. 1103, 90th Cong., 2d sess., 4. (Italics supplied.)

* * * * *

Finally, in explaining the conference version of the 1968 legislation, Senator Muskie reiterated that section 2(b)(2) was patterned after the similar limitation which had been carried in appropriation acts. 114 Cong. Rec. 3836.

Thus the language of section 2(b)(2) of the present act, together with its legislative history, clearly requires a separate determination for each transaction. Your first two questions are therefore answered in the negative.

With reference to your third question, the materials enclosed herewith indicate the present status and extent of Eximbank participation in transactions involving the Soviet Union. Finally, a report to the President dated December 1, 1973, from the Chairman of the Atomic Energy Commission indicated the following obligations for Federal energy research and development for fiscal years 1973 and 1974:

[In millions of dollars]

Program element:	Actual 1973	Planned 1974
Conserve energy	52.8	62.3
Increase domestic production of oil and gas	20.0	19.5
Substitute coal for oil and gas	88.0	167.2
Validate nuclear option	395.8	517.3
Exploit renewable energy sources	82.8	123.0
Total	640.2	889.3

We have not audited or verified the above data. The President's fiscal year 1975 budget contains $1.5 billion for direct energy research and development.

Sincerely yours,

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

[From the Philadelphia Inquirer, Mar. 24, 1974]

OIL FIRMS DRILLING ABROAD—SKIP UNITED STATES

An American oil company drills for yet more oil in the Arab sheikdom of Dubai.

Two other American oil firms explore the possibility of developing the Soviet Union's vast oil deposits.

And still another American oil company allocates a greater percentage of its exploration budget this year than last year to searching for oil in foreign countries.

At the same time, the number of rigs drilling for oil in the Gulf of Mexico off Louisiana—the nation's major off-shore oil producing region—is the lowest it's been in years and the amount of oil produced there daily is declining.

In short, despite talk in Washington about the importance of being self-sufficient in energy, the oil industry is continuing many of the practices that led originally to this country's growing dependence on foreign oil.

Meanwhile, Congress has wrangled for the last six months without coming up with a single piece of legislation to help prevent another oil shortage.

Indeed, the House Ways and Means Committee last week, after studying the foreign-

tax-credit system that many economists agree has encouraged American oil companies to drill abroad rather than at home, failed to recommend any significant changes in the system.

It was as Congress sat immobilized and Americans were being warned repeatedly about overdependence on Arab oil that a subsidiary of Continental Oil Co. announced on Dec. 17 a major oil strike in Arab waters off the Persian Gulf. This was two months after the start of the boycott.

Also in December, Occidental Petroleum Co. announced it had signed a 35-year agreement to explore for oil in Libya, the most militant and politically unstable of the Arab oil producers. Libya was one of only two Arab countries that voted against lifting the oil ban against the United States March 18.

In South Vietnam, an area of almost continuous political or military turmoil for decades, Exxon and Mobil are going forward with oil exploration plans on the Southeast Asian nation's continental shelf.

HOTTEST SPOT

The two American multinationals were among four companies awarded concessions by the Thieu government last summer to search for oil in Vietnamese coastal waters. The companies agreed to pay the south Vietnamese a total of $59 million in return.

Perhaps the hottest spot for American oil companies, but one that holds little hope of meeting America's needs, remains the North Sea.

Mounting oil discoveries there, many by American oil companies, will make the British and Norwegians—both now dependent on imported oil—largely self-sufficient by the early 1980s.

At the same time, if American oil companies continue to drill abroad rather than home, the United States will be importing more than 50 percent of its oil.

Evidence of the industry's unchanged drilling practices is best seen in the Gulf of Mexico off Louisiana.

Statistics on worldwide off-shore drilling operations, published monthly in Offshore magazine, show an average of 40 rigs a month drilling for oil offshore Louisiana during the first three months of this year compared to 52 rigs a year ago, and 55 rigs in that period the year before that.

The decline comes only slightly more than a year after the oil industry leased an additional 800,000 acres from the Federal government for exploration. The industry has leased more than 5 million acres in the last 20 years.

AVERAGE RECORD

But by the end of last year, the amount of acreage under lease on which no oil was being produced stood at a seven-year high, according to statistics of the United States Geological Survey (USGS).

USGS statistics show that 1.2 million acres leased to oil companies were not producing oil or gas at the end of 1973, the highest amount of non-producing acreage since 1966.

With onshore Louisiana production declining by as much as 10 to 15 percent a month from a year ago, additional oil offshore production is needed to make up for the decline.

However, as already noted the number of offshore rigs is declining, and so is production.

From a high of about 980,000 barrels of crude oil daily in 1971, Louisiana off-shore production has now dropped to about 910,000 barrels daily.

"There is still a lot of unexplored acreage out there," said one oil industry materials supplier in Morgan City, La., a major offshore oil industry center, in an interview with an Inquirer reporter.

"But even if you wanted to drill on it, you couldn't because there aren't enough rigs."

SHORTAGE OF RIGS

When asked to explain the drilling decline, an official of the USGS, which oversees drilling and production operations in the Gulf, gave the same explanations.

The reason for the shortage is because many American oil companies have contracted for rigs to drill in the North Sea.

During the first three months of 1974, the number of rigs at work in the North Sea was up 75 percent over the same period a year ago. An average of 35 rigs were drilling for oil each month this year as compared to 20 a month last year at this time.

Even more important, most of the rigs in the North Sea are so-called deepwater rigs—capable of drilling in water depths up to 600 feet.

Morgan City offshore observers said much of the unexplored acreage under lease in the Gulf of Mexico is in water from 200 to 600 feet deep. Such a depth requires deep water drill rigs like those now under contract to American companies in the North Sea.

In contrast, virtually all of the offshore drilling off Louisiana to date has been in water depths of 100 feet or less.

Even with the emphasis on self-sufficiency coming out of Washington, drilling contractors in Morgan City say they have not detected an upturn in drilling activity.

"I don't think it has picked up a bit," said the drilling superintendent of one offshore firm. "I don't know why that is. We've even got a lot of shallow-water rigs idle."

Another drilling contractor said oil companies are still offering more incentives to drill abroad than at home.

"We can only get a well-to-well contract in the Gulf," he said. "We used to get a yearly drilling contract. Now it's only on a well-to-well basis. We can still get a year's contract if we want to send the rig overseas."

Ironically, Foreign Drilling Contractors apparently are thinking about drilling in the Gulf.

Norwegian drilling contractors recently sent a letter to the International Association of Drilling Contractors (IADC) in Dallas, seeking information about U.S. taxes and U.S. restrictions on the use of foreign labor.

An IADC official said several Norwegian drilling companies are interested in drilling in the Gulf of Mexico or other sections of the American continental shelf that might be opened for oil exploration.

The spokesman said the request was forwarded to Federal officials in Washington.

[From the Washington Post Editorial. Mar. 29, 1974]

MOSCOW'S HAND ON THE PUMP

A sobering comment on Moscow's reliability as a supplier of natural gas and oil is contained in recent accounts of its dealings with two veteran customers in Western Europe. Finland, for one, found that the Russians raised their price last fall to the level of the world price set by the oil cartel. This added at least half a billion dollars to Finland's annual energy bill. But the price of the goods which the Finns sell to Russia remained the same. So great was the shock that the socialist premier of Finland was led to compare the additional burden, five per cent of GNP, to the postwar reparations which Moscow imposed on the Finns—about two per cent of GNP. By their particular political dependence on the Soviet Union, the Finns are locked into this one-sided arrangement, which illustrates all too well the economic aspect of "Finlandization."

In respect to West Germany, the Russians evidently realized during the oil panic last fall that they could get a higher price by exporting elsewhere. So they slowed and then stopped delivering crude oil, though a contract had been in force for more than 15 years. They had contracted to deliver 3.4 million tons of crude in 1973; actual deliveries were 2.86 million tons. Exploiting Germany's temporary duress, the Russians pushed their price to $18 a barrel. Veba, the German oil buying agency, then suspended its contract with the Russians. It was put back into effect, at new higher prices, only a few days ago.

Meanwhile, Moscow Radio has just felt compelled to deny an Iranian newspaper's report that the Soviet Union is buying natural gas cheap from Iran and selling it dear in the West. Even if the Kremlin wanted to perpetrate such an uncomradely deed, Moscow Radio says, it couldn't because there is no pipeline. But there is a pipeline—a fact which has to be set against Moscow Radio's denial.

The Soviet Union has made a good thing in the past about being a fair and reliable trading partner. This reputation has served it well, the Economist recently noted, in inducing West Europeans to deliver large quantities of steel pipe and other equipment, against promises to be paid in future oil or gas. Yet in the Finnish case, the Russians jacked their prices through the roof. With Germany, they simply stopped delivering for a while and then resumed the flow but, again, at much higher prices. In brief, neither on the supply front nor the price front have they treated their traditional customers well—customers with whom they have no outstanding political differences, moreover. If the Russians began to run short of energy themselves, as many foreign experts expect they will, would they fulfill their contracts for export sales? These are matters which must be taken into account in the United States' own deliberations on the advisability of making large long-range investments in Soviet gas and oil.

[From the New York Times editorial, 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 there were skeptics, including this newspaper, who questioned the plan's justification on both technological and commerical 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 in-

creasingly 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.

S. 3229

A bill to prohibit Soviet energy investments

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, section 1 of this Act may be cited as the "Soviet Energy Investment Prohibition Act".

SEC. 2. No department, agency, or instrumentality of the United States Government may directly or indirectly provide assistance to finance or otherwise promote the export of any commodity, product, or service from the United States if the intended use of such commodity, product, or service involves energy research and development or energy exploration in the Union of Soviet Socialist Republics.

AMENDMENT BY SENATOR RICHARD S. SCHWEIKER TO THE SECOND SUPPLEMENTAL APPROPRIATIONS BILL

The following is to be inserted at the appropriate place in the bill:

"Provided, however: That after the date of enactment of this Act, none of the funds available to the Export-Import Bank of the United States and subject to the Limitations on Program Activity and Administrative Expenses contained in title V of Public Law 93-240 shall be available for obligation or expenditure by the Bank until the Bank complies with Section 2(b)(2) of the Export-Import Bank Act of 1945, as amended, 12 U.S.C. 635(b)(2), in accordance with ruling B-178205 of the Comptroller General of the United States, dated March 8, 1974."

S. —

A bill to amend the Export-Import Bank Act of 1945 with respect to the determinations of national interests which are required in connection with certain transactions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, section 2(b)(2) of the Export-Import Bank Act of 1945 is amended by adding at the end thereof the following new sentence: "A determination made under this paragraph shall be effective only if—

"(i) it is made personally by the President; and

"(ii) it is made with respect to a particular purchase or lease of a product in connection with which the Bank proposes to guarantee, insure, or extend credit, or participate in an extension of credit."

THE FILIBUSTER ON S. 3044

Mr. PACKWOOD. Mr. President, I am fearful that the extended debate on the campaign reform bill currently before the Senate is doing nothing more than further damaging public confidence in the Senate.

To be sure, like many Members of the Senate, I have a number of reservations about specific provisions of S. 3044. I would prefer to see citizens and voters maintain a greater control of where, and to whom, their dollars are to go, and public financing takes that right away from the American voter.

Nevertheless, despite its weaknesses, there is too much good in this bill to keep it bottled up any longer with long-winded, meaningless debate. Whatever the outcome, it is time to make up our minds and vote.

The issues are clearly understood by Members of this body, and I regret to say our constituents are clearly beginning to see through the pointless extension of redundant debate. I have received hundreds of letters urging action on this measure. Oregonians are demanding to know what the delay is. They cannot see the point of endless debate—neither can I.

Well, Mr. President, what is the delay? Views from both sides of the aisle, on both sides of the issue, have been sufficiently aired. The rights of the apparent minority on this matter have been respected, but now it is the will of the majority that is being obstructed.

Today, we are once again witnessing the Senate paralyzed by the archaic rule of the Senate which allows filibustering of legislation.

If campaign finance were the only issue being considered by this body this session, perhaps we could excuse squandering time to revisit every nook and cranny of debate already heard before. But our agenda is crowded. Serious matters are being left undecided while we sit here wasting time in banal debate. We must bring this issue to a vote, now.

We were elected to be decisionmakers—let us exercise our mandate.

RHODE ISLAND GROUP HEALTH ASSOCIATION

Mr. PELL. Mr. President, the Rhode Island Group Health Association was the first health maintenance organization established in the State of Rhode Island. Its history has been typical of that of all pioneering institutions, and I would like to discuss it briefly today, and share its lessons with my colleagues.

My interest in RIGHA began as a result of my belief in the great potential for progress which lay in the reorganization of health care services. It holds my continued interest because, as with new ventures, there are always unanticipated problems, costs, and continually emerging questions about policy and goals, and the way in which RIGHA has met these challenges is, in itself, an exciting and important story.

When RIGHA started operations, the phrase HMO was almost unknown throughout the general community it wished to serve. An enormous, and still continuing educational effort was required to inform people of the options open to them as health care consumers. RIGHA got off to a rocky start, both in the area of marketing and management. It was not until the Prudential Insurance Co. stepped into the picture, almost 1 year ago and lent RIGHA management expertise and start-up money, that this new and untried system began to show its merits as a health care asset. The members of the Rhode Island Group Health Association are participating in an exciting and fruitful project, thanks to the interest and participation of the Prudential and the Rhode Island AFL-CIO.

Mr. Selig Greenberg, the medical reporter for the Providence Journal-Evening Bulletin, has recently begun a broad study of the changing patterns of health care in Rhode Island. The first article was titled "Group Health Care: Rhode Island Seen Leading the Way." Because I believe that the story of RIGHA is important and will be helpful as we move into the establishment of many new HMO's, Mr. President, I ask unanimous consent that an article in the series "Health Care in Transition" by Mr. Selig Greenberg be printed in the RECORD.

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

RIGHA

The tortuous history of the Rhode Island Group Health Association (RIGHA), the state's first group practice prepayment plan, illustrates graphically both the difficulties and opportunities of this innovative mode of delivering medical services.

It took labor union leadership, which originated the program but has since turned over control to a community-dominated board of directors, several years of planning, scrounging for start-up funds and efforts to overcome the coolness of the medical and hospital establishments before actual operations could get underway in June, 1971, in a newly constructed ambulatory care center on the grounds of the Our Lady of Fatima Unit of St. Joseph's Hospital in North Providence. Most of the plan's full-time salaried physicians had to be imported from outside the state.

Although RIGHA's plans called for an initial enrollment of 6,000 subscribers and the addition of 1,000 monthly for a membership of 13,000 by the end of 1971, it began operations with only 1,200 members and finished its first year with an enrollment of about 7,000. After more than two and a half years, its membership now stands at 13,500.

Since the plan had to start with a full complement of primary physicians and auxiliary personnel, lagging enrollment has resulted in deficit operations. To date, net operating losses amount to $1,050,000.

The pioneering project also has had to struggle with plethora of managerial problems under four executive directors. Some of these problems are reported to have been resolved since the Prudential Insurance Company came to the rescue last April.

Prudential, which is looking ahead to the likely enactment of a national health insurance law and wants to strengthen its position by gaining experience in the group practice prepayment field, has given RIGHA two $50,000 grants and agreed to lend it up to one million dollars, of which $900,000 has so far been borrowed.

Under a five-year management services contract, Prudential also has assigned Kennett L. Simmons, one of its young executives, as the plan's executive director and two of its other employes to help in RIGHA's management.

Aside from the Prudential loan and more than $300,000 borrowed in start-up funds from a number of local and national labor organizations, RIGHA has received nearly $500,000 in federal development grants. It also has been given up to now federal grants of $560,000 for its so-called "troubled employe" program for the early detection and treatment of persons adversely affected by alcohol or some other disruptive condition.

Simmons estimates that RIGHA will reach the breakeven point by next January, when he anticipates an enrollment of about 18,500, the maximum membership that can be accommodated in the plan's present facility.

The feasibility of establishing a second ambulatory care center in another part of the state is now being explored in the hope of obtaining federal aid under recently enacted legislation for such assistance for health maintenance organizations. A requirement in the new law that employers of 25 or more persons must offer their employes the alter-

native of joining group practice plans is expected to help materially in boosting RIGHA's enrollment.

"The biggest barrier to enrollment is the newness of the concept," Simmons said. "Word of mouth is our only weapon. If we can get people into this building and get them adjusted to the group practice concept, they'll discover that our clinic is more attractive than the average hospital clinic or doctor's office. Our location, which is not the most accessible, has been the other major enrollment barrier."

Much of the initial resistance to the novel setting of medical care is reported to have been overcome by now, and polls of the membership have shown a high degree of satisfaction.

State employes, with 2,436 subscribers, make up the largest RIGHA group. Other large groups include 1,451 Providence municipal employes, 1,272 persons enrolled through the United Small Business Associates, 600 federal employes, 590 employes of the Rhode Island Public Transit Authority, 547 employes of Corning Glass Works and 460 employes of New England Telephone Company.

The acid test of prepaid group practice organizations has been their success in reducing the incidence of costly hospitalization by stressing preventive and ambulatory services.

RIGHA estimates that last year it averaged 490 days of hospital care per 1,000 subscribers. This compares with an average of 730.53 days of hospitalization per 1,000 group subscribers of Rhode Island Blue Cross in the latest available 12-month period. In view of the relatively small number of patients involved, it may still be too early to draw any definite conclusions regarding the statistical significance of the RIGHA figures. They nevertheless appear to indicate that the new plan is on the right track.

AMMUNITION SHORTAGE IN VIETNAM

Mr. THURMOND. Mr. President, the Thursday, April 4 issue of the Washington Post included an article entitled, "A Battalion Dies at Kontum."

The writer, Philip A. McCombs of the Washington Post Foreign Service, makes the point that some 200 men and officers in a battalion were killed or lost because of the lack of ammunition.

The South Vietnamese officers in the battalion had been complaining to Mr. McCombs and other reporters that they were under a tight rationing of ammunition and the necessary support was being denied in either Washington or Saigon.

Besides the unit destroyed at Kontum, two other battalions had been recently wiped out in nearby mountains.

Mr. President, as the Senate knows, the administration is requesting additional funds in the Military Assistance Service Funded account for ammunition to aid troops in South Vietnam.

It was not long ago on this floor that those who were pushing hardest for withdrawal of U.S. troops stated we should let the Vietnamese do their own fighting and limit our help to supplies.

Apparently the supplies being provided in a critical item like ammunition is not adequate. The administration has requested additional authority to raise the MASF ceiling but approval of this request by the Congress is very much in doubt.

Mr. President, this country and the free world will suffer if we deny South Vietnam the support necessary to defend itself. Information reaching me indicates the United States is not even able to provide replacement for the South Vietnamese losses on a one-to-one basis as allowed in the cease-fire agreement.

In other words, we have preached to the world that we will help this small nation fight Communist agressors. Yet it appears we may not be fulfilling this pledge. If this is actually the case, then it is a sorry day for America.

Mr. President, I ask unanimous consent that this article by Mr. McCombs of the Washington Post be printed in the RECORD at the conclusion of my remarks.

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

A BATTALION DIES AT KONTUM—OFFICERS SAY LACK OF AMMO HAMPERS OPERATIONS

(By Philip A. McCombs)

SAIGON, April 3.—Forward Combat Base No. 5 in the high mountains northeast of Kontum and several nearby positions were overrun by North Vietnamese army troops yesterday, military officials here said.

Reporters had been visiting the base by helicopter for the past several weeks, interviewing government troops there, and viewing a supply road nearby being built by the North Vietnamese army.

According to officials, combat base No. 5 received 700 rounds of artillery fire yesterday and then was overrun at 2 p.m.

Two hundred government troops were killed or listed as missing following the attack, officials said. Their battalion commander, Capt. Nguyen Thanh, was killed.

He had been complaining to the visiting reporters, including me, that both Saigon and U.S. officials had been limiting his supplies of artillery because of the tremendous costs involved.

South Vietnamese troops in embattled Kontum Province have been firing as many as 5,000 artillery rounds a week at $35 a piece—as much as $175,000 weekly.

But the province chief, Mai Xuan Hau, said he needs two to three times as much to do the job. As it is, ammunition is the largest chunk of the continued U.S. military aid to South Vietnam. Of the 200,000 tons of ground ammo supplied by the Americans in the first year of the cease-fire, most was for artillery.

When I visited Capt. Thanh last week, he was visibly nervous because the North Vietnamese had recently wiped out two government battalions in the nearby mountains. The 280th Regional Force Battalion, which Capt. Thanh commanded, makes three. A government battalion has roughly 350 men.

"I've got to stay here 30 days," Thanh said then, "and I've been here a week."

It was not a pleasant place to be. The troops had dug bunkers in the hilltop, but their position seemed truly tiny against the vast sweep of the jungle mountains around it.

There seemed little doubt that the mountains were almost completely controlled by the North Vietnamese despite government efforts. There was a Communist flag tied to a tree about 20 yards down the hill from the bunkers, but nobody dared to venture across those 20 yards to take it down.

I was brought in by helicopter. It took off immediately and circled high while I interviewed Thanh and his soldiers.

When it was time to leave the hilltop, the helicopter returned and Thanh said, "Tell the pilot to take off quick and to stick to the southern side of the hill."

Thanh had repeatedly emphasized that his job was to gather intelligence on North Vietnamese movements on their new road, which could be seen as a thin line winding on the hillsides down in the jungle valley.

When his men saw movement on the road, they were to call in artillery fire. Except for trying occasionally to mine the road, their job was not to fight.

Trying to control an area from essentially static positions with the use of heavy artillery fire is a lesson government forces learned from the French and one that much of the American military influence here reinforced.

It is a tactic designed to save casualties that might be high in face-to-face infantry confrontations, but its disadvantage in the mountains of Kontum, as elsewhere throughout Vietnam during the war, is that it leaves the countryside—and the initiative—to the enemy.

Province chief Hau, reached by telephone today, said, "I was talking with him [Capt. Thanh] during the battle and suddenly I lost contact. Then the radio operator came on and told me that the captain was killed by the shelling." A short time later, all radio contact with Combat Base No. 5 was lost.

Hau said a week ago that during the previous month 300 Soviet-built tanks and trucks moved over the new North Vietnamese military road hacked through the jungle 10 miles north of Kontum City.

He called the movement part of a vast pattern of Communist infiltration since the cease-fire that has brought 50,000 fresh Communist troops into the province to build and guard infiltration routes deeper into the heart of the country.

Government forces have sent battalions of troops into the jungle to cut off the traffic, and these soldiers have relied on artillery fire more than anything else.

"We're constantly ordered to conserve ammunition," complained Hau. "We don't have enough shells. If we had the ammunition, we'd eliminate the communists."

He said he would also like to ask Congress to give B–52 bombers to South Vietnam and train Vietnamese to fly them. "Then all the Communist positions in the mountains around here will be destroyed immediately and easily," he said.

While Col. Hau said the pressure on him to conserve ammunition comes from within the Vietnamese command structure, U.S. officials also exert pressure on the Vietnamese to conserve ammunition.

While this pressure has recently been intensified and is said to have been effective, the figures to back up this claim are classified by the Vietnamese and are not available.

The amount of ammunition supplied South Vietnam depends on what is expended, on the dollar limitations imposed by Congress, and on a complex allocation process that involves sometimes exorbitant requests and, the Americans claim, tightfisted auditing.

Under the terms of the cease-fire, ammunition and equipment can be replaced on a one for one basis. How much the South Vietnamese request each month is not public, but knowledgeable Americans concede that it is often inflated by claims for ammunition that in fact was not fired.

To counter possible abuses, the United States Military Team has staffs of auditors and inspectors whose job it is to insure, by field visits, that the equipment and ammunition is properly used for the purpose for which it was intended.

American officials here say their job is to "restrain" the South Vietnamese in the use of ammunition.

This pressure for restraint is supposed to be exerted at the highest South Vietnamese levels which, in turn, are supposed to put pressure on forces in the field.

Col. Hau was asked if he thought his government had violated the cease-fire by sending battalions to occupy areas not held at the time of the cease-fire.

Article three of the cease-fire agreement says that "the armed forces of the two South Vietnamese parties shall remain in place."

The Colonel said the North Vietnamese didn't control the areas at the time of the cease-fire, either, so that they violated the cease-fire agreement by building their new road.

"In a mountainous area like that, who can claim he controls it?" he said.

FOREIGN ASSISTANCE

Mr. INOUYE. Mr. President, the Senate Appropriations Subcommittee on Foreign Operations contends that foreign assistance of whatever form and from whatever source is closely interrelated and that total resources available to any one country are perhaps the most important yardstick in measuring the level of U.S. assistance to that country.

Last year we pulled together the several components making up the President's proposed program and presented them by country and region in appendix I of our fiscal year 1974 hearing record (page 1333).

These programs are described in agency parlance as being dynamic in nature, meaning that the original illustrative program for which the funds were sought is subject to change—and frequently is—often shifting between countries and fiscal years so as to become virtually unrecognizable.

From time to time, we do request information as to these changes and on March 6, 1974 I inserted into the CONGRESSIONAL RECORD—pages 5579-5581—tables reflecting changes in the military and bilateral assistance programs as of February 2, 1974.

Today I ask unanimous consent to have printed in the RECORD two additional tables:

First. Reflecting proposed economic and military assistance to Cambodia, Laos, and Vietnam as of March 1974.

Second. Reflecting revised Public Law 480 shipping estimates for countries as of March 1974 for those countries receiving supporting assistance.

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

PROPOSED FISCAL YEAR 1974 MILITARY AND ECONOMIC PROGRAMS IN CAMBODIA, LAOS, AND VIETNAM
[Amounts in thousands of dollars]

	Fiscal year 1974 proposed	Fiscal year 1974 revised estimate	Change
CAMBODIA			
Total, military and economic	287,648	599,540	+311,892
Military programs	181,430	333,867	+152,437
Military assistance program	173,000	[1] 325,012	+152,012
Military assistance and advisory group administrative and training costs	1,430	1,885	+425
Excess defense articles [2]	7,000	7,000	
Public Law 480 (sec. 104(c))	(24,720)	(136,600)	
Economic programs	106,218	265,673	+159,455
Indochina postwar reconstruction	75,000	95,000	+20,000
International narcotics control		3	+3
Public Law 480, shipments (CCC value) [3]	30,934	170,670	+139,736
Mutual education and cultural exchange	284		−284
LAOS			
Total, military and economic	375,807	168,543	
Military programs	316,700	122,590	[6] −610
Military assistance service funded	[4] 311,200	[5] 117,700	([6])
Military assistance and advisory group administration and training costs	2,500	1,890	−610
Excess defense articles [2]	3,000	3,000	
Economic programs	59,107	45,953	−13,154
Indochina postwar reconstruction	55,000	40,000	−15,000
Population programs	910	600	−310
International narcotics control	1,500	1,546	+46
Public Law 480, Title II	1,505	3,599	+2,094
Mutual education and cultural exchange	192	208	+16
VIETNAM			
Total, military and economic	2,248,026	1,977,370	
Military programs	1,594,600	1,262,300	([6])
Military assistance service funded	[4] 1,559,600	[5] 1,227,300	([6])
Purchase of local currency	(63,600)	(80,000)	
Excess defense articles [2]	35,000	35,000	
Public Law 480 (Sec. 104(c))	(137,360)	(244,000)	
Economic programs	653,426	715,070	+61,644
Indochina postwar reconstruction	475,000	[7] 354,000	−121,000
Selected countries and organizations		110,000	+110,000
Population programs	1,500	560	−940
International narcotics control	182	180	−2
Public Law 480, Shipments (CCC value) [3]	176,420	250,000	+73,580
Mutual education and cultural exchange	324	330	+6

[1] Includes the value of military assistance authorized Dec. 17, 1973, to be furnished under the authority of Sec. 506, FAA, as amended.
[2] Overseas stocks only—domestic excess if funded under MAP.
[3] Reflects the following tonnage estimates for commodities for Cambodia and Vietnam:

	Estimate May 1973	Estimate March 1974	Change
Cambodia:			
Wheat (metric tons)	35,000	25,000	−10,000
Rice (metric tons)	70,000	265,000	+195,000
Cotton (bales)	2,200	2,200	
Cotton yarn (pounds)		3,307,000	+3,307,000
Vegetable oil (metric tons)	500	700	+200
Tobacco (metric tons)	750	750	
Vietnam:			
Wheat (metric tons)	330,000	150,000	−180,000
Corn (metric tons)	100,000	90,000	−10,000
Rice (metric tons)	285,000	310,000	+25,000
Cotton (bales)	73,500	75,000	+1,500
Tobacco (metric tons)	4,900	4,700	−200
Vegetable oil (metric tons)	5,000	5,000	
Nonfat dried milk (metric tons)	15,000		−15,000
Tallow (metric tons)	1,200		−1,200

[4] The fiscal year 1974 program for Laos and Vietnam was based upon requested new obligationa authority (NOA) of $1,559.6 million for Vietnam and $311.2 million for Laos plus an estimated $229.2 million to allow for potential obligation of unobligated balances and for flexibility providing an overall obligational ceiling for both countries of $2.1 billion. This overall obligational ceiling was subsequently reduced to $1,126 million.
[5] These figures shown for Laos and Vietnam do not represent NOA as shown in the table for the proposed fiscal year 1974 programs. At the request of the staff of the Senate Appropriations Subcommittee on Foreign Operations, an estimate has been made of the total obligations which could be reported for Laos and Vietnam during fiscal year 1974 from available resources assuming that the Congress approves the requested increase in the total obligational ceiling to $1.6 billion. In addition to the estimates provided in the table, there is approximately $205 million in the requested increase in the overall ceiling to $1.6 billion to provide for flexibility and reprograming as necessary to meet fiscal year 1974 MASF requirements. No additional appropriations by the Congress for MASF for fiscal year 1974 would be required.
[6] The data presented in the requested estimates for Laos and Vietnam are not statistically comparable with the proposed fiscal year 1974 program; therefore, a net change figure is inappropriate.
[7] Includes $54 million supplemental appropriation request being considered by the Congress.

PUBLIC LAW 480 SHIPPING ESTIMATES—THOUSAND DOLLAR, CCC VALUES, FISCAL YEAR 1974—ORIGINAL ESTIMATE AND AS REVISED

	Fiscal year 1974, thousand dollar CCC						Net difference, original/revised estimates
	Congressional presentation, original estimate			Revised estimate			
	Total	Title I	Title II	Total	Title I	Title II	
Supporting assistance, total	282,758	272,600	10,158	549,915	544,562	5,353	+267,157
Cambodia [1]	30,934	30,900	34	194,189	194,177	12	+163,255
Israel	[2] 58,865	56,800	2,065	39,507	39,416	91	−19,358
Jordan	4,484	3,000	1,484	7,545	6,779	766	+3,061
Laos	1,505		1,505	3,599		3,599	+2,094
Malta	350		350	323		323	−27
Vietnam [1]	176,420	171,700	4,720	304,752	304,190	562	+128,332
Southeast Asia rice reserve	10,200	10,200					[3] −10,200

[1] It should be made clear that the revised figures shown for Vietnam and Cambodia are not "shipping estimates," as the overall title implies, but the maximum available under Department of Agriculture allocations. Although it is possible that the Public Law 480 shipments to Vietnam could go as high as the $304,000,000 shown, this is unlikely. For example, the $304,000,000 includes 300,000 tons of wheat. AID has entered into agreements for 150,000 tons for Vietnam and there is a possibility that as much as 40,000 additional tons will be added. The 110,000 tons in dollar terms is more than $20,000,000. The $304,000,000 also includes a 35,000-ton rice reserve which may, or may not, be committed to Vietnam, also with a value of $20,000,000.
AID uses fiscal year 1974 estimates of $250,000,000 for Vietnam and $170,000,000 for Cambodia on the basis of actual agreements entered into and what we expect to be shipped during fiscal year 1974. Details of these agreements are attached. Not all of the commodities covered under these agreements will be shipped this fiscal year. Carryovers into fiscal year 1975 are anticipated. Hence, as the agreement table shows, AID has signed agreements with Vietnam for $256,000,000, with another $13,000,000 pending, for a potential total of $269,000,000. Last year, $16,000,000 in agreements was not, in fact, shipped. Hence, AID's estimate of roughly $250,000,000 rather than $268,000,000.
[2] Includes Gaza and Jordan, W.B.
[3] Included in Vietnam and Cambodia revised estimate.

CHESTERFIELD SMITH, PRESIDENT, AMERICAN BAR ASSOCIATION, ON THE NATIONAL NO-FAULT BILL

Mr. GOLDWATER. Mr. President, on Thursday a week ago I announced in the Senate my considered view as to why the national no-fault insurance legislation now on the Senate calendar is an invasion of State prerogatives.

My statement was based on my lifelong study and readings, as a layman, of records of the original purposes of the Founding Fathers at the Constitutional Convention of 1787 and at the ratification proceedings that followed in the several State conventions which preceded the establishment of our national charter among the States so ratifying.

The basic theme of my statement was the serious concern I have that S. 354, the national no-fault bill, directly infringes upon the essential concept of federalism which the framers had so carefully implanted in the structure of the new Government they created.

Mr. President, I am pleased to have received today a mailgram by Mr. Chesterfield Smith, president of the American Bar Association, which confirms my personal analysis of the proposed No-Fault Act. Mr. Smith shares my view that S. 354 would improperly preempt the work of State legislators now actively treating the same subject in a field of legislative responsibility traditionally reserved by law and custom to the State level.

Moreover, Mr. Smith warns that S. 354 not only is repugnant to the true spirit of the Constitution, but it very likely is invalid under the Constitution by reason of its totally unprecedented attempt to mandate the administration by State officials of a federally imposed statutory system.

Mr. President, the position of Mr. Smith, both in his capacity as a representative of the American Bar Association and as an expression of his professional opinion of the serious constitutional defects of S. 354, is an important message that deserves a wide reading and the most serious consideration by the Senate. I would remind my colleagues that our branch of Congress was originally established with the view of preserving the integrity and independence of the several States as distinct sovereignties; and it is with this original, underlying purpose in mind, that I urge all Senators to review carefully the points raised by Mr. Smith.

Mr. President, at this time I ask unanimous consent that the telegram of Mr. Chesterfield Smith shall be printed in the RECORD for the information of all Senators.

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

APRIL 12, 1974.

DEAR SENATOR GOLDWATER: When you begin consideration this month of S. 354, the National No-Fault Motor Vehicle Insurance Act, I urge your serious consideration of three significant reasons why I believe you should vote against enactment. First, as indicated in my Senate testimony, twenty States recently have enacted reforms and most others are considering such legislation. To enact a Federal law would not only preempt the work of your State legislators, but would also mandate Federal law in an area traditionally and most effectively handled at the State level. Second, the Department of Transportation cost study has been significantly discredited in Senate testimony. In fact, the authors of the DOT study readily admit that economic factors, regional transportation characteristics and effects of the energy crisis were not evaluated. Therefore, it is difficult to accept these cost projections which are based on fragmentary and incomplete data. Finally, I have substantial reservations on the constitutionally of this Federal preemptive law. Specifically, I am concerned with the ability of Congress to mandate the administration by States of a federally imposed statute.

I wish to emphasize the belief of the American Bar Association that the States—not the Federal Government—can best respond to the urgent need for reform of the automobile reparations system. I personally oppose Federal no-fault, without reservation, and I want the States to alleviate existing deficiencies in their automobile reparations systems. For that reason, I personally favored the adoption of no-fault by the Florida Legislature over two years ago and I personally favor similar action by other States suitably modified by local governmental traditions.

CHESTERFIELD SMITH,
President, American Bar Association.

TOWARD A HEALTHIER AMERICA: A PARTNERSHIP BETWEEN THE MEDICAL COMMUNITY AND GOVERNMENT

Mr. RANDOLPH. Mr. President, our able and diligent colleague, the senior Senator from California (Mr. CRANSTON) serves with me on the Veterans' Affairs Committee and the Labor and Public Welfare Committee. In each committee he has been an active participant and contributed substantially to our consideration of legislation on health matters. As chairman of the Subcommittee on Health and Hospitals of the Veterans' Affairs Committee, Senator CRANSTON has authored vital legislation which has vastly improved the Veterans' Administration's ability to provide for the health care needs of veterans.

As a member of the Subcommittee on Health of the Labor and Public Welfare Committee, he has participated in the development of health legislation reported from the subcommittee and authored major laws and amendments. Senator CRANSTON has applied many of the insights he has learned from close association with the VA health care system to legislation in this committee. Additionally, he has taken advantage of his membership on both legislative committees in an endeavor to create a closer coordination between VA hospitals and their surrounding medical communities.

On March 15, Senator CRANSTON addressed the Beverly Hills Medical Society, and set forth his view that this close coordination and sharing of certain resources was essential between VA hospitals and the community. He expressed his positive reaction to a recent California Medical Association offer to conduct CMA staff surveys at each of the Veterans' Administration hospitals in California. He feels that acceptance of such an offer by the VA would lead to closer coordination between the surrounding medical community and the VA and result in their mutual benefit.

The Senator from California (Mr. CRANSTON) also urged the members of the medical community to share their experience and insights as health care providers with their elected representatives, to assure that health care legislation would be workable and would result in improved patient care.

I believe his remarks will be of genuine interest to Senators and I ask unanimous consent, Mr. President, that the text of his speech be printed in the RECORD.

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

SENATOR CRANSTON REMARKS TO BEVERLY HILLS MEDICAL ASSOCIATION, MARCH 15, 1974

TOWARD A HEALTHIER AMERICA: A PARTNERSHIP BETWEEN THE MEDICAL COMMUNITY AND GOVERNMENT

Recently, a survey conducted in two Washington, D.C., neighborhoods by the National Academy of Science, indicated that the care provided the children in those neighborhoods was far below what one would expect in a major metropolitan area with an abundance of health resources. These two neighborhoods represented two income levels: One middle to high income; the other middle to low income. In each community, the incidence of poor health among the children was substantially the same. It showed that one fourth of the children had a serious deficiency in one of three medical measures used as the criteria for judging the quality of care provided—hearing, eyesight, and anemia.

This survey points up a great challenge: The need to develop creative legislation and programs to achieve a healthier America. It illustrates that there is indeed a long—far too long—way to go before we can say we have achieved that goal.

In working toward that goal, I think two basic principles must be paramount. First, every citizen must be guaranteed the right to quality health care as rapidly as we can develop that care. There can be no double standards. Second, quality health care must be achieved through the joint efforts and close collaboration between the medical community and government through its elected officials.

Historically, Government has accepted its responsibility primarily by breaking down some of the financial barriers to obtaining health care through the establishment of the Medicare and Medicaid programs.

There are still many people, however, who find access to quality health care difficult or impossible.

Within the last few years, there has been growing acceptance that government's role must be more than just to provide for a health care financing mechanism for the medically indigent or the older American. Thus, at least eight proposals for national health insurance are currently before Congress.

Of these, I have cosponsored S. 3, the Health Security Act. I believe this proposal, while certainly not perfect, and requiring some further thought and refinement, offers the broadest range of health care to the patient, and at the same time tries to address the problem of building up the nation's health resources to meet the increase in demand for health services which is expected to result from the adoption of a national health insurance program.

There can be no doubt that national health insurance will be a major topic of discussion this year, and that the next few years will see the eventual implementation of a national health insurance program. As I see it, this program will be a blend of the several proposals before us now.

President Nixon's newest health insurance proposal is a significant advance over his first proposal two years ago.

The basic benefits are decidedly improved over those he first proposed, and his new plan would extend coverage to many segments of the population excluded under his previous proposal.

However, the Administration's proposal would require middle and marginal low-income families to make excessive payments which would deter their receiving comprehensive and preventive health care. I am also most concerned that the average illness would then turn out to cost more out-of-pocket to the Medicare beneficiary than at present under Medicare. In its analysis of the Nixon proposal, the National Council of Senior Citizens has estimated that the out-of-pocket cost under the plan of the average 12-day hospital stay for Medicare beneficiaries would be quadrupled—rising from the present $84 to $342.

In addition, some services now provided under Medicaid for indigent persons would *be reduced* under the President's proposal. For instance, indigent persons would be required to pay for a portion of basic services now provided to them at no cost. The preventive health care benefits presently available to Medicaid beneficiaries up to the age of 18 would be limited and would apply only to individuals up to the age of 13.

Moreover, I don't think we should give the health insurance industry a major responsibility in administering reimbursement with almost no Federal regulatory standards or procedures, as the President proposes.

I also don't think Mr. Nixon—or whoever put together his proposal—gave enough consideration to the errors of the original Medicare program, where there were insufficient procedures to control overall health care costs (especially during hospitalization) and to provide incentives for the more efficient and effective use of expensive medical resources.

In developing a national health insurance program, I hope we can receive the greatest input fron. practicing physicians. You will be on the forefront of those who must make any program that is adopted work. Your experience in patient care—in knowing your patients and their attitudes toward health care, in knowing the problems of health providers, in knowing the strengths as well as the weaknesses in your own community, will be an invaluable asset in the development of a successful, workable program for national health insurance. I urge you to share with me the insights and knowledge you have acquired as providers in the current health system.

In building towards some kind of inevitable national health insurance program, we in Government, and you in the medical community share a major responsibility—to create a system that can withstand the phenomenal pressures that will be brought to bear on the full range of existing health resources by the establishment of national health insurance.

At the Federal level, some of these first steps have been taken in programs to increase the nation's health manpower through incentives to health training institutions to train more physicians—with specialties meeting the demand for more family services—and more dentists, nurses, and other professionals, as well as the urgently needeed extenders of the highly trained professional—for example, the physician's assistant, the dental therapist, and the specialized surgeon's assistant. The trend within the past decade to use the nurse more effectively as a nurse practitioner in specialized fields has received the bulk of its impetus from Federally-supported programs. I have been at the forefront of these legislative efforts in Congress.

In the field of medical research, the Federal government has made a massive contribution—some 63 percent of the nation's biomedical research budget is derived from Federal sources. Despite short-sighted efforts by the Administration to cut back biomedical research in all but a few highly "popular" areas—cancer and heart and lung disease—we are continually trying to broaden this support.

I'd like to mention a few of the steps I am taking to build our health resource capability.

One of these steps is legislation I cosponsored to establish an Institute on Aging. This new Institute will focus attention on finding solutions to the biomedical, psychological, and social problems of the older American who now represents ten percent of the population—a statistic that cannot help but become greater as medical science continues its steady advance against illness and the two major killers, cancer and heart disease. It will develop and encourage research in the aging process. This legislation, pocket-vetoed by the President in 1972, passed the Senate again last year. It should receive favorable consideration in the House in the next month.

I recently introduced the National Arthritis Act which, when enacted, will provide the means to mount a national attack on arthritis. This attack will be supported through an organized program of basic and clinical research directed towards medical areas defined as most promising by a panel of experts. It will also include a concerted effort to develop early diagnosis and control of arthritis, and to establish centers where arthritis sufferers can be referred for the most up-to-date treatment and rehabilitation, and where professionals can be specially trained to treat this crippling and disabling disease. This bill now has 51 cosponsors!

In the area of improving health services, I am particularly concerned at the difficulty many people have in obtaining specialized medical services in an emergency. In many parts of the country there is in reality no system for taking care of the emergency victim. Rather, there is a haphazard approach of trusting to luck that all the essential elements of an emergency medical services system will fall into place when needed. But this does not just happen.

Instead, in times of medical emergency, precious minutes have been lost—minutes that could mean life, or freedom from permanent disability. Here in Beverly Hills, I understand that there is no emergency room open to the public 24 hours a day. When sudden illness strikes, someone has to know how to call the Fire Rescue Squad and indeed has to know that that is the entry point into the emergency system.

Then, if it's not rush hour, it's a quick four minute run to U.C.L.A.'s excellent emergency room. If traffic is heavy, it may take considerably longer.

Beverly Hills has a reasonably workable system. However, most other communities are not as fortunate. Their problems will, I hope, be solved through implementation of legislation I authored—the Emergency Medical Services Systems Act of 1973. There is $27 million available this year under this new law to help communities organize their emergency medical services into systematic approaches, to develop the necessary transportation and communications facilities, to train the necessary personnel to provide the care—from the Emergency Medical Technician to the emergency room physician—and to provide the necessary services quickly and efficiently;

The advice of the medical community was invaluable in developing this new law as it has been in all my legislative activities related to health matters. I have always sought the suggestions of the providers of health care, as well as the consumers, on these matters, and have always found them eager to be of help. They have offered very important insights.

I hope to keep this avenue of communication wide open in the future consideration of health legislation before Congress, as well as in my oversight responsibilities for Federally-supported health programs.

A case in point is the recent proposal to me by the California Medical Association that it conduct CMA staff surveys of all the Veterans Administration hospitals in California. As Chairman of the Subcommittee on Health and Hospitals of the Veterans Affairs Committee, I have been actively engaged for the last five years in efforts to improve the quality of care at VA hospitals.

As part of this effort, I have stressed repeatedly the importance of involving the VA more closely with community medicine and vice versa, and I have authorized a great deal of legislation that is now law, to bring about this essential communication and cross-fertilization. I believe strongly that the $3.2 billion VA health and hospital system is a great national health resource which can while improving health care for veterans serve all Americans in developing new methods of treatment, research, and health personnel training.

Thus, when the CMA's suggestion was made to me last month, I welcomed it, and immediately began discussing it with various persons in the medical community, and then with the VA Department of Medicine and Surgery. I am now recommending to the VA Chief Medical Director that the VA accept this offer. I am convinced that the CMA Staff Surveys of California VA hospitals can only result in better patient care for veterans.

In fact, this extension of the CMA staff surveys to the VA hospitals seems a logical extension of the CMA/RMP patient-care audit system which I understand the majority of Veterans Administration hospitals in California already are using. The VA use of this internal review system serves as an excellent example of the cooperation and coordination that can exist between the medical community and Federal health programs.

This brings me to the newest role government is playing in the medical community, that of assuring that health care provided under Federally-financial auspices meets the highest quality standards. The Professional Standards Review Organizations, authorized by H.R. 1 two years ago and now being implemented, will be the vehicles for carrying out this responsibility.

The CMA/R.M.P. medical audit serves as an excellent example of the positive contribution which can be made by the medical community itself in assuring quality care.

It is encouraging to note that these CMA/RMP audit programs are being adopted in 38 other states. Undoubtedly, their influence will be felt in regard to R.S.R.O. programs as they are established throughout the country.

One of the concepts included in the CMA/RMP audit, which I applaud, is its recognition that patient care evaluation is an interdisciplinary responsibility. Another is that it is oriented towards providing a learning experience and continuing education program for participating health care personnel, rather than an adversary program where one group of peers is acting as judge of the qualifications of others and acting merely as a disciplinary force rather than primarily as an educational one.

Through programs such as the CMA/RMP patient-care audit, the process of achieving better health care for all Americans is going forward in the medical community itself, building upon the knowledge gained in the past in order to improve health care in the future.

Government—at all levels—must similarly focus its efforts on developing positive measures to improve health care. It cannot rely

on arbitrary measures to restrict patient utilization of health serviecs by time-consuming prior authorization for hospitalization, or by arbitrarily limiting the number of services which can be received over a particular period of time.

I believe we should and must rely in the first instance on the good judgment and integrity of health care professionals to make basic medical judgments, back-stopped by an effective, multi-disciplinary, progressive utilization review system. Diseases and injuries are not, of course, treatable on paper. They exist in the very personal context of the individual patient and the overlay of his or her particular medical history and current social, economic, psychological, and physical make-up.

Good patient care can not be prescribed by a computer printout. The human factor on the giving and receiving end is all important.

That is why we cannot rush headlong into massive new procedures such as contracting with pre-paid health plans without first thoroughly evaluating their ability to provide comprehensive, compassionate, health services and to establish adequate safeguards to assure quality.

In the short run, such steps may achieve a dollar savings, but in neither the short nor the long run do they necessarily contribute to the desired goal—quality health care for the individual patient.

In fact, these kinds of short-sighted measures may very well prevent quality and cost-effective health care by setting up artificial barriers and measures not applicable to particular patient needs and medical situations.

Such measures, I believe, were the result of administrators looking too much to the pocketbook and too little to the basic purpose of health programs. The process must, of course, be a delicate balance which cannot be properly struck with a meat axe or a bludgeon. Something closer to the precision of a surgeon's scalpel and an electrocardiogram's fine tuning are needed.

I believe that much unfortunate skepticism about prepaid health plans here in California has resulted from this headlong plunge to cut costs at the expense of quality care. And to do so particularly for those who cannot afford to purchase their own care. In the process, many fine programs have been tarnished by the notoriety of a few that were poorly planned and poorly administered.

Now, the California legislature is taking steps to ensure that a high level of care is provided by prepaid plans, and in Washington the amendments to the Social Security Act, currently in Conference, include language which will assure that any prepaid health program, contracting to provide services under Medicaid, must meet certain basic requirements.

Hopefully, the problems which arose will now be corrected by what I believe is an example of responsible and responsive action of elected representatives both in Sacramento and Washington, who have thereby shown their dedication to the principle that quality health care must be provided in the most efficient manner and must be of one standard for all.

I know this is also the prime consideration for you in the medical community.

I believe that working together we can achieve our mutual goals. I again invite your full partnership in my efforts in this field, and I look forward to your active participation with me in the development of new programs and processes to assure a healthier America.

DEFENSE BUDGET DECLINING

Mr. THURMOND. Mr. President, despite many statements to the contrary, the defense budget is declining and has been declining for the last several years.

An editorial which brings this point into sharp focus appeared in the Tuesday, March 26 issue of the Augusta Chronicle newspaper, Augusta, Ga. Entitled "Peril in Weakness," the editorial takes note of reports that the defense budget will apparently be cut sharply by the Congress. It also draws attention to the fact that as a percent of the national budget, defense has declined a great deal in the last few years and in many areas we are falling behind the Soviet Union in military preparedness.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD at the conclusion of my remarks.

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

PERIL IN WEAKNESS

The probability is that our country's proposed $85.8 billion defense budget will have smooth sailing in the Congress, it is reported by Congressional Quarterly staff writers close to the Washington scene.

But the reason for their forecast is that the Nation—and its congressmen—are "preoccupied by impeachment, energy and the economy." This situation may turn out to be the determining factor, but if we have an adequate defense simply by default of those who might normally urge unilateral disarmament, we as a people will have learned little. We should stay at least as strong as the Soviet Union because the clear lesson of all history is that weakness invites aggression.

As a matter of fact, an attack on the Pentagon's budget requests does come from what might be thought an unlikely source—a former secretary of Defense. Clark M. Clifford's proposal that spending be cut $4 billion in each of the next four years until it leveled off at $70 billion is a demonstration of one major reason the Vietnam war stretched out so long, with so many needless casualties. The former Defense secretary then was against the use of power to gain an earlier peace, and he now is against the creation of power which could assure the retention of peace.

It is true that the $85.8 billion requested is the largest dollar amount ever proposed. Disarmament advocates will trumpet that fact from the housetops. What they will be very quiet about is that (1) galloping inflation makes this amount far less in purchasing power; (2) vastly expanded costs of recruiting and retaining personnel sharply whittles down spending for other vital needs; and (3) the amount, large as it is, is still—in the words of Rep. Robert L. F. Sikes (D-Fla.), ranking Democrat on the House Appropriations Defense Subcommittee—"shrinking" as a percentage of the total budget. If one wishes to locate spending areas that have expanded most exorbitantly, and offer the greatest challenge for economy, he should look to the social programs which do little except pay for wasteful armies of bureaucrats.

An article in the March 15 issue of National Review by Sen. James L. Buckley (Ind.-N.Y.) notes that Russia has forged ahead of us in all-important nuclear weapons. Over the past five years, he points out, U.S. expenditures for strategic forces have declined from one-third of our defense funds to less than one-tenth. Not only has Moscow developed five new strategic ballistic missiles in just one year—it also has turned out two new missile-launching submarines in the same period.

Half the Soviet navy has been launched since 1964, and its air force has been modernized and enlarged. Our ground forces have shrunk while the Russians have maintained 75 divisions.

Worst of all, our research for defense has been reduced 21 per cent while the Soviet research continues at a level 50 per cent above our own.

It may indeed be, as Congressional Quarterly observers predict, that the defense budget will pass substantially as requested. Members of the Congress, however, if they value our security, will be on the alert to repel attacks such as that by Clifford.

I.R. & D. AND THE TECHNOLOGY BASE

Mr. CHILES. Mr. President, I would like to call to the attention of my colleagues an excellent article by Vernon Pizer in the February issue of the Washingtonian magazine entitled, "Who Unplugged America's Science Machine?" It is a comprehensive and lucid study of the current decline in scientific and technological research and development on the Federal level.

I have been extremely concerned about the long-range effects of this erosion on the technological base of this country, particularly in the energy, space, and defense areas. To continue to undercut scientific development in areas affecting all levels of society would be nothing short of disastrous.

However, there is more to the problem than the need for increased and sustained Federal funding of contracted research and development. We in the Congress must begin to think in terms of a total national base of research and technology. In this regard, research and development performed independently by the Nation's innovative industries, both large and small, is part of our problem and must be part of our solution.

How to sustain and enrich the Nation's base of research and technology is the central issue. Alternative mechanisms to do so, of which I.R. & D. is only one, then must be thoroughly evaluated not only for the beneficial results but also for the adverse side effects that these techniques generate.

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

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

[Reprinted by permission of Washington Magazine, Inc., February 1974]

WHO UNPLUGGED AMERICA'S SCIENCE MACHINE?

(By Vernon Pizer)

Last fall, in a White House ceremony that was resurrected after a two-year pause in its annual scheduling, President Nixon awarded the National Medal of Science to eleven people. The event drew perfunctory coverage from the daily press, but scientific Washington—and scientists around the nation—were attentive almost to the point of mesmerization. Nobelists, leaders of professional societies and technological think-tanks, or just plain bench scientists subjected every facet of the awards to the kind of hair splitting analysis dear to Talmudic scholars: Composition of the guest list, manner in which the event was staged, length and character of the Presidential remarks, degree of warmth in the Presidential voice.

This remarkable attentiveness to nuances suggests the complex and fragile relationship that exists between science and government, a relationship exerting a direct, very large influence on everyday life—after all, everyday living now is in almost all ways conditioned by science and technology. It raises

a series of pertinent questions. What is the state of American science? What is its relationship with government? What are our national science policies? How and by whom are these policies being shaped? What has gone awry in our handling of science and technology to put our energy supply in jeopardy? What other crises are about to come down on our heads and what needs to be done to protect us from them?

In recent years the scientific community has reeled from a series of rebuffs it was not prepared for. After World War II—a conflict as much, or more, a contest of technologies as of armies—the public genuflected at the altar of science/technology. Later, when the Soviet sputnik threatened our national pride, US science rallied to the cause again, mounting a massive, successful assault on space. Then a curious thing happened on the way to the mid-1960s—significant numbers of people began to have doubts about the quality of life in a technological society. There was a recoil from mechanized, computerized, plasticized, depersonalized living. There was condemnation of chemical preservatives in food, perversity in telephones and cars, hazards in microwave ovens and paint formulas, industrial debris in water, soil, and air.

While much of the public was rebelling against it, the scientific community faced disturbing questions about its proper role and responsibility. Its self-examination and self-doubt were intensified by the war in Vietnam, which channeled so large a portion of the scientific effort into destructive acts. A dormant organization, the Federation of American Scientists, was rejuvenated to lobby Congress, harry the Administration, and galvanize broad support for what the FAS conceives to be the proper uses of science. Much of the scientific community deplored the active politicizing of science, but FAS membership increased from several hundred five years ago to some 6,000—including 33 Nobelists—today.

In early 1973 President Nixon, with the blessing of Congress, bashed the wrecking ball against the White House science structure. Eliminated from the Presidential staff were the Science Adviser to the President and two groups chaired by him: the Office of Science and Technology (OST) and the President's Science Advisory Committee (PSAC). Scientists could rationalize their fall from public grace, could even empathize with their detractors. They could live with the ferment and militancy within their own ranks, even ultimately benefit from this exercise in self-criticism. But the upheaval at 1600 Pennsylvania Avenue left them dismayed, apprehensive, and confused. Hence, the attention they lavished on the recent Presidential science awards.

To be sure, the White House announced that the Science Adviser's hat would be worn by the director of the National Science Foundation, a federal agency. In addition, the functions of the disbanded OST were to be assumed by a new Science and Technology Policy Office to be established within NSF. But gone entirely was PSAC, created by President Eisenhower to channel to the White House the views of the nation's most distinguished scientists and engineers. A feisty, intellectually uninhibited bunch, PSAC's eighteen members commuted to monthly meetings in Washington, where they frequently opposed Administration projects and exhibited a penchant for seeking flaws in military technology proposals. Not unduly awed by the Presidency, more than once PSAC members publicized their disagreement with Administration views. It was not too surprising that Mr. Nixon eliminated the committee. But in doing so he severed a conduit of extremely sophisticated scientific advice whose value was enhanced by the very independence he found abrasive.

Did the White House's dismantling of its scientific apparatus signal a Nixon Administration downgrading of science at a time when the nation has problems only science can solve? Did it reflect Nixonian pique? After all, PSAC had been nettlesome; an OST consultant had helped shoot down the SST when Mr. Nixon was trying to push it through Congress; the scientific community had largely opposed Mr. Nixon during his campaigns for the Presidency.

"The President was certainly aware of the scientific community's disapproval of him, and the role this played in the breakup of the White House science mechanism cannot be discounted," say Dr. Glenn Seaborg, Nobel prize winner, until two years ago head of the Atomic Energy Commission, currently chairman of the American Association for the Advancement of Science. In a voice oddly small for his gangling six-foot-three-inch frame, he continues: "But the more I analyze the breakup, which I found distressing, the more I feel it stems mainly from two factors. One is Administration uneasiness with science and scientists, an uneasiness tinged with a peculiar, unexplainable fear of science. The second is White House disdain for scientists because, from the politician's viewpoint, we lack political acumen. To fall back on what I imagine is now outdated slang, we are too square to fit the convolutions of politics."

Predictably, Dr. H. Guyford Stever, director of the National Science Foundation and former president of Carnegie-Mellon University, defends the White House: "It is nonsense to think that this Administration is anti-science. The Administration has"—he pauses here to search for the right word—"cautious respect for science. It believes decentralization away from the White House will enhance performance by moving the federal organs of science into a better relationship, by bringing basic research closer to those who apply the research. But moving the Science Adviser from the White House doesn't mean the President loses touch with science. I have ready access to him when I feel the need. Furthermore, and this isn't appreciated, prior Science Advisers were covered by executive privilege because they were on the President's staff and so they were not available to Congress. Executive privilege does not extend to me. I am within reach of Congress and have already testified at hearings on the Hill. This opening up of communications has to mean better science."

Dr. Stever's statement invites skepticism. When there was a Science Adviser at the White House he regularly attended meetings of the National Security Council, the Defense Science Board, and, when appropriate, the Joint Chiefs of Staff. He had direct access to the President. All this meant he had thorough knowledge of government actions—and contemplated actions—related to science.

Things are different now. Direct participation in NSC deliberations is only by invitation, sparingly issued. The military follows a policy of benign neglect toward the Science Adviser. Access to the President has become indirect: The Science Adviser now communicates through two filters—the Office of Management and Budget and George P. Shultz in his role as Assistant to the President. Stever can make an end run around these screens but he doesn't often try it. Finally Stever's assertion that former Science Advisers were unavailable to Congress is a bit misleading. The Science Adviser was beyond reach of Congress only in his role as Presidential assistant; in his role as head of the Office of Science and Technology he was—through the arcane logic that determines the extent of executive privilege—available. Both Jerome Weisner and Don Hornig, two of Stever's predecessors, appeared before Congressional committees.

"On paper, Stever has a set of responsibilities that sound impressive, but when you examine the facts you find anomalies," says Dr. Philip Handler, president of the prestigious National Academy of Sciences. "For instance, of all the federal agencies involved in science—AEC, NASA, HEW, DOD, and the rest—only Stever's NSF has a broad hunting license to pursue and support basic research across the whole spectrum of inquiry; all the others confine themselves to science that is related to their assigned mission. One of Stever's multiple responsibilities is to chair the Federal Council on Science and Technology, which is composed of all the agencies doing science. The idea is that Stever, with his clout as Science Adviser and his NSF range over the whole of science, can use the Council as a vehicle for inter-agency transfer of knowledge, for sharing of projects and facilities, for cross-fertilization of concepts and insights, and so on. But the Council has never lived up to its potential and Stever is handicapped in turning things around because the Adviser's clout diminished the moment he left the White House and because NSF is a small agency in a league of big agencies. Those are simply the realities of bureaucratic life."

When Handler adopts his favorite reflective pose—torso draped low on one chair, feet extended on the seat of another—you sense that while his body rests his mind remains standing at attention. "Many, but not all, of the functions of the dismantled White House science apparatus have been assigned to NSF. My fear is that these additional responsibilities may divert Stever and his top people from their original task. Bear in mind that NSF is the only government agency specifically mandated to support basic research across the board. In addition, the fact remains that the upheaval in the White House left a critical void and nothing has been devised to fill the vaccum. Any way you look at it, it is inescapable that the Science Adviser has been pulled down to a lower level. When he was in the White House he was the President's in-house problem solver. The President needs him close at hand, needs him as an expert who can serve almost as an adversary to the cabinet departments submitting science proposals. Somebody is going to have to re-invent the Science Adviser at White House level."

Roy Ash, head of the Office of Management and Budget, is nominally one of the two intermediaries between Stever and the President. Actually, the OMB screen on a daily basis has been Dr. John C. Sawhill, OMB Associate Director for Natural Resources, Energy, and Science until his recent appointment as Deputy Director of the new Federal Energy Administration. Sawhill concedes that removal of the Adviser from the White House fostered widespread belief that the Administration had assigned science a lower priority, "but we don't think we should have a White House adviser on science any more than one on Indian affairs or education." He also concedes that turning the advisory function over to NSF creates a small-frog-in-a-big-pond situation, since NSF is dwarfed by the other federal agencies doing science, "but we will sit down with Guy Stever and give him some say in how we allocate resources to all the agencies and we will make sure the agencies know we are doing this."

Sawhill did not seem to recognize that his statement implies that the advisory post was seriously impaired when it was severed from the White House. His statement also is a tacit confirmation of the view held by knowledgeable insiders that the federal approach to science is less a product of scientists than of Administration business managers.

A man with impeccable inside credentials is William D. Carey, now vice president of the Arthur D. Little management consulting firm, but until 1969 the assistant director of the Bureau of the Budget, where his field of oversight was science. "I've seen evidence that Guy Stever is operating with considera-

ble confidence, developing channels to industry and the academic institutions and putting together a fine group of people in NSF, but he has an uphill struggle to infuse his influence into a Presidency in great disarray," he says. "And the way the scenario is written, his problems are even worse than I contemplated when the changed set-up was first announced. The truth of the matter is that while he has two supposed channels to the President, in practical terms the two merge and become one. Shultz has his plate full and can only ration a splinter of his attention to science. About the only science that gets through to the President is what manages to filter through the screen and the screen is OMB."

In other words, federal science is to a considerable extent what the Office of Management and Budget says it is. This is not necessarily bad for science. It can't flourish in isolation from economic reality and the claims of other national requirements. Nevertheless, it is unsettling to find that much of the mold in which US science is cast is being shaped by the hands of John Sawhill types. And no matter how sensitive those hands are, they belong to men whose expertise is confined to business administration.

I asked Dr. Sawhill how a financial manager makes decisions in the labyrinth of science and technology. He responded forcefully: "By applying proven management techniques, including the yardstick of cost effectiveness. We simply use our accumulated analytical wisdom to arrive at a sound judgment."

In discussing the philosophy with which he approaches his task, Sawhill said, "We can't move too fast on science and technology. The President, any President, can be a leader to only a very limited extent; he can't be far ahead of the people. He can't introduce a program until the people are ready to support it and the people won't be ready until they are in a crisis situation. Once we are in a crisis we can shape a crash program to deal with it. I believe in the efficacy of crash programs. It is only when you marshal all your talents and resources on a crash basis that you get good, hard results."

Strange words from a management expert. Wernher von Braun once told me, "I can't understand Washington's penchant for getting boxed into a corner and then relying on a crash program to get it out. A crash program can't make up for lost time. It's like trying to compress nine-month gestation into one month by impregnating a woman by nine different men simultaneously."

Bill Carey shook his head when I asked his opinion of the Sawhill philosophy. "I don't deny that if you suddenly face an unexpected problem of major scope you have to concentrate resources and get priorities to deal with it, but if we have learned anything about crash programs it is that they result in tremendous waste and dislocation. I can't agree that our science should evolve on a crash basis. That's like setting out to jerk science up by its ears and make it bark the way old Lyndon used to hoist his beagle."

Dr. Seaborg sounded almost sad as he observed, "I don't understand why Presidents can't lead. If they don't who can? As for crash programs, they are surely the most inefficient, ineffective course to chart. I can't conceive of anyone wanting to go ahead on a crash basis."

Dr. Philip H. Abelson, president of Carnegie Institution of Washington and editor of the influential magazine *Science*, says, "The government consistently and successfully fumbles away our scientific and technological resources. Look how we diverted so much of our talent and resources to foolishness like Apollo. We got a little return from it but nothing commensurate with the tremendous investment. We don't look ahead, don't make balanced, rational plans for the future because the politicians are here-and now oriented. They want the quick, visible payoff and they're willing to mortgage the future to get it. They couldn't care less about an undertaking that might take, say, ten years to bring to fruition because they won't be in office then."

Is Abelson overstating the ineptitude of politicians? Is he expressing the feelings of a scientific community stung because it is not permitted to dip freely into the cookie jar? It did not seem so to me when I attempted to assess the performance of the Administration and Congress in science matters.

"When the Administration comes up with a program, they send it to us for legislative action but they don't accompany it with the high-level discussion out of which the proposed program emerged," a source on the House Committee on Science and Astronautics complained to me. "This denies us access to the reasoning behind it and to evaluation of the options and alternatives that were considered. It leaves us more or less groping our way until we finally reach the hearing stage and try to ask the right questions of witnesses. But in the meantime a lot of members have gotten themselves locked in by their public statements on the proposal, especially if it is one that attracts wide attention. That is a very unhealthy situation.

"Look what happened with the Clean Air Act. The legislation was first brought up in Congress at the time the country was all stirred up over ecology. Congressmen feel pulses more sensitively than doctors. Their reading of the public pulse led many to declare forcefully that they would keep auto exhausts from further fouling voters' lungs. They were committed to the legislation by the time we reached hearings so when they asked the experts if they could clean up emissions by such and such a date and the experts said 'Yes, but . . .' they chopped off testimony at the 'but.' They didn't want to hear about the technical problems, the effects on gas consumption and engine performance, the high cost of clean-up, and the possibility that the process of eliminating one harmful emission might merely substitute a different harmful emission. The bill was passed, face was saved, but few would agree it is a distinguished piece of legislation."

The Clean Air Act is only one of several poor Congressional actions in the area of science. Another that came home to haunt its supporters is section 203 of the 1970 Department of Defense authorization, the so-called Mansfield amendment, which required the Department of Defense to abandon all basic research not linked directly and demonstrably to specific, legitimate military requirements. (Although the legislation singled out DOD, the other mission-oriented agencies interpreted it as a signal and discontinued basic research not clearly tied to their missions.) Scientists cried out that basic research seldom is clearly definiable in terms of end-product use that the knowledge it produces is not divisible into good and bad, that it can't be segmented like sausages according to its potential application. They pointed out that from basic research conducted for the military came cryogenics, lasers, antibiotics, radar, jet airplanes. Congress paid no heed.

(Scientists generally praise the National Science Foundation for trying to prevent the more damaging discontinuations of basic research by taking over some of the projects abandoned by the mission agencies. But the hole in the dike was bigger than the NSF finger, and much research just leaked away.)

For twelve years—from the time of his first election to the House until he chose not to stand for re-election in 1970—Congressman Emilio Q. Daddario of Connecticut was one of the few who labored consistently for better science legislation, a record the more admirable because during his incumbency the public outcry against technology was shrill and he could have made political hay by joining the anti-science chorus. Daddario grants that the Congressional performance in science has been less than sterling. He admits that many Congressmen lock themselves into unwise positions before the facts are developed. But he understands why Congress has not performed better: "Congress hasn't had an adequate in-house mechanism to develop the facts lucidly, objectively, and rapidly. It hasn't had the tools to look ahead in science, to try to match national resources to national needs, to relate specific technologies to other areas of national life and to assess their effects on them. In short, there hasn't been sufficient Congressional capacity to evaluate, to anticipate, and to plan in the sciences."

But now, largely because of Daddario's efforts, the view from the Hill is due to change. Congress recently created the Office of Technological Assessment. The apolitical structure of OTA is promising: It will be overseen by a twelve-man board selected equally from members of both Houses and of both parties, and it will be advised by a twelve-man council drawn from consumer groups, industry, and the science community. Daddario has been appointed its operating head, another good sign. Perhaps most reassuring of all is Daddario's operational design for OTA—"We will develop our data and recommendations by going to the best experts, whoever and wherever they are, and drawing on their knowledge and insights. That will permit us to be a tight, trimmed-down body unfettered by institutional fat and parochial views and able to move quickly in any direction. I don't intend to create a bureaucracy of resident eggheads."

Perhaps reaction against science and technology preordained the current energy crisis. It is interesting to see how knowledgeable people assess the circumstances that cause us to be where we are today.

Dr. Stever says candidly, "We are in an energy crisis largely because this and preceding Administrations failed to heed the warnings that were given them. Back in 1964, one of my predecessors as Science Advisor, Don Hornig, alerted the White House in a report of hundreds of pages that made clear the dimensions of the developing problem. Succeeding advisers repeated the warnings but the White House was not spurred to action."

"More than anything else," says Dr. Seaborg, "it was the failure of the decision makers to act that got us into this. For years the technical people have been warning that our energy base needed to be expanded and improved to meet our mounting requirements. I spoke out on this publicly and in government councils in urgent tones as far back as the early 1960s. It has taken at least a decade for the decision makers to heed the fire-bells that were rung."

Dr. Abelson says, "We are caught in a bind because of mismanagement and complacency and because we got—and are still getting—more breastbeating than really incisive, definitive, long-range direction. The first thing we have to agree on is that there have to be trade-offs. A perfect environment is an impossible dream. If, for example, we say we can't have new refineries because they stink, then we can't have energy."

Dr. Handler points a finger at both science and government. "Scientists and technologists yelled, but not loud enough, long enough, or soon enough; they didn't foresee that automobiles would be reproducing themselves in annual twelve-million increments; they didn't make adequate projections of needs and resources. Government was stodgy, listless, dozing off. My God, the Bureau of Mines should have been hot on the trail of coal gasification twenty years ago."

Dr. Sawhill of OMB responds, "The technical people sounded the alarm but we simply had to wait for the crisis to come in order

to have public support for a major program to cope with it."

The energy crisis should be a warning. We are facing a problem of even greater proportions. "Energy has me worried but basic materials have me worried even more," says Guy Stever. "We must move rapidly and wisely in the field of materials science because shortages are approaching critical stage." The materials problem did not appear overnight. On July 14, 1968, the National Bureau of Standards issued a report on materials that emphasized the need to deal quickly with corrosion problems. Some of the warnings: U.S. losses each year due to corrosion are more than ten billion dollars, at least one billion of it in federal facilities alone; almost 40 percent of US steel production is for replacement of corroded parts and products. But no meaningful program was launched to correct the appalling corrosion waste.

Dr. Handler cites statstics: "Of 75 critical minerals we need to support our economy, 25 percent do not exist in this country, so we must depend entirely on foreign sources whose supply is diminishing at the same time that consumption around the world is mounting. Another 25 percent of the minerals exist to some degree in this country so, at least for now, we can satisfy a portion of our needs from domestic sources. The remaining 50 percent exists domestically in quantities sufficient for current needs but in 20 years, 30 at the outside, the 50 percent in which we are now self-sufficient will have been slashed in half. So the situation is grim. An approach like recycling is only one of a whole range of answers that have to be found. What's needed, and quickly, is an innovative, across-the-board effort in materials science to come up with fresh, imaginative technologies. But who is formulating national policies that will meet the problem head-on and lead to solutions? Nobody. That worries the hell out of me."

The key word in the foregoing is "policies." Those who pursue science all agree that the primary flaw in the way the nation handles science is the failure to devise a rational, consistent policy. As Handler says, "This country has never had a science policy. We never looked at the subject in its entirety and formulated an intelligent, over-all approach. What we have had is bits and pieces of *ad hoc* policies to deal with bits and pieces of science; often they were wasteful if not downright counterproductive. For instance, the Mansfield amendment was adopted just to deal with defense science but as a result of it twelve materials laboratories were abandoned. Or take the fiasco of the President's War on Cancer where a 'disease of the month' was picked and people and resources were pulled from other health programs to attack it. Focusing unduly large effort on finding a quick payoff on cancer unbalances the total quest for medical knowledge, pinches NIH's ability to perform research over the spectrum of biomedicine, research from which could come the answers to a host of medical riddles including—ironically—cancer. This kind of thinking permeates the whole fabric of science because the fabric is woven largely on looms controlled and funded by inept, myopic federal decision-making. At one end of the scale we wind up with scientists so busy as entrepeneurs making a pitch for funding that they have damned little time for science, and at the other end we have a few jewels almost lost in a pool of well funded mediocrity."

Seaborg—"We need to fill our policy vacuum. We need to announce a strong program of support for basic research, and a workable mechanism for establishing priorities in the various fields of science/technology consistent with our national requirements. It is long past time that we recognized that science has a potent capacity to determine the welfare of the nation and so must be accorded a central and continuing role in the decision-making process."

Carey—"We have no firm or lasting policies. We have only a series of temporary policies and they are temporary each year according to the shape of the budget. Our attitude toward science is tactical, not strategic, and that's not good enough. We must look ahead, must devise an enduring policy and a coordinated program for long-range gains."

Daddario—"Because there is no definitive science policy we are forced to fall back on short-range responses jerrybuilt to meet each crisis at its apex. We simply have to fashion a national policy on a rational, anticipatory basis with the executive and legislative branches, the public sector, the academicians, and industry all influencing its ultimate shape so that it is a national concensus. It has to look ahead at our needs and goals and provide the scientific-technological vehicle to get us there, and it has to have enough flexibility so that it does not stifle initiative."

Abelson—"Science is pursued on 10,000 fronts and the opportunities on each front are variable and shifting so there must be sufficient resiliency to seize them when they appear. But the resiliency has to be within a consistent and continuing framework and we have never had that. Those who administer science and control its pursestrings constantly waver, responding to enthusiasms of the moment. Starting back in the Kennedy years the government granted vast numbers of fellowships to lure people into the sciences so we wound up with many who should never have been in the field. Now the pendulum has swung the other way and the government has come very close to abolishing fellowship completely so we are failing to get many who could add strength to science. This start-and-stop inconsistency is pitifully common and it squanders resourecs and brains. Every time a field of science generates a wave of popular enthusiasm every government agency tries to get on the gravy train; as soon as popular enthusiasm switches to something else they immediately change trains. What we need desperately is a sound, coherent government way of handling science, one that cuts out the train changing."

What we seem to have is a science/technology community afloat on a sea of governmental ineptitude, erratically propelled by winds that blow hot or cold or not at all from the White House and the Hill. What has this done to science itself? How healthy is American science? And what is the prognosis?

There is no simple gauge to measure science's state of health, but there are a couple of useful indicators. One is the number of Nobel prizes awarded to American scientists. Here, superficially, the news is encouraging. The Nobel prize continues to be awarded to Americans in disproportionately large numbers. However, the prize is as much an accolade for past accomplishments as for current attainments. There is a built-in time lag in basic science, a long period of necessary testing and refining, so the work that wins recognition today always is several years past its initiation. The birth control pill, for example, derives from hormone research undertaken in 1849.

Another indicator of quality is the status of the American "patent balance"—patents granted in various countries for developments of US origin versus those of foreign origin. It is a measure of the comparative innovative competence of science and technology among the advanced countries. The figures reveal a favorable US balance, but the margin of favorability is markedly declining. Since 1966, progressively fewer patents of US origin have been issued in France, Great Britain, West Germany, the Soviet Union, and Japan; during the same period the US granted patents for an accelerating number of developments of Japanese origin. From 1966 to 1970 the American favorable patent balance fell by 40 percent.

Guy Stever at the National Science Foundation expresses faith in US science. "The quality of our science is still extremely high," he says, "although it doesn't tower over foreign science as it once did. There used to be an almost unbelievable gap between us and the rest of the world but that gap has now closed dramatically. What has to be borne in mind is that it wasn't closed because our performance deteriorated but because they made such a tremendous comeback after the dislocations and discontinuties of World War II."

Bill Carey is less sanguine. "Our basic research is holding up very well in every field but the quality of the technology that derives from it is not holding up as well. With regard to both I am troubled that neither is growing. In other words, we are doing less than we are capable of doing and less than we should be doing. This is the way a nation becomes second rate. We haven't reached that point yet but I think we are headed that way unless we take prompt, affirmative steps to change direction."

The views of Dr. Abelson parallel those of Carey. "We tended to assume that because our science/technology was the best in the world we were guaranteed leadership in perpetuity, so we drifted into complacency and smugness. The result is that there has been some slippage in the caliber of our technology, especially in comparison with the level of performance abroad."

Dr. Handler echoes the Stever confidence in American science, but hedges his position: "I start with the fundamental belief that our science is great. Having said that I have to point out that greatness is relative and not immutable. One thing that worries me is our almost total failure to develop capability for technological assessment—crystal-balling the future impact of new technologies. In the past we ignored the price that neglect of technological assessment extracts because we operated in an economy of waste and because we, as a nation, were only tangentially sensitive to societal needs. Those days are gone forever. To stay healthy, science and technology have to adjust to today's realities."

Dr. Handler's point about the need to evaluate future impact was echoed by virtually everyone I spoke to; it marks an awareness that a new dimension has been added to the criteria for judging science and technology, a recognition that—as one put it—"We must ask not only what a new development will do but also what *else* it will do." He illustrates by citing the mechanization of cotton picking in the 1930s. Mechanization was accompanied by the less-than-startling prediction that the machines would displace vast numbers of field workers but would greatly enhance farm efficiency. It was not foreseen that displaced workers would migrate to cities and create the ghettos that plague urban America.

When they move from estimating science's present quality to predicting its future health the experts divide the most. They coalesce into two distinct groups, one tilting toward optimism, the other toward pessimism.

Among the more confirmed optimists is Dr. Stever, which is hardly surprising considering his position. "I see us coming toward a more sophisticated approach, with the science community placing greater emphasis on quality than on numbers. I see better rapport between those who manage science, those who do science, and those who are served by it. I see basic research responding better and quicker to matters that affect the character of our lives and by doing so preventing many vexing problems.

I have to say I look to the future with confidence."

Dr. Handler also adopts a buoyant outlook. "There are enormous problems ahead," he concedes, "but I see no grounds for despair. Spaceship Earth is suddenly small and resources are finite but science is at best adolescent. The body of scientific understanding has been doubling every eight to ten years and 90 percent of the knowledge we possess today was learned during my lifetime. That means we have a fantastic, self-renewing outpouring of answers to questions we raise and to those we haven't even yet begun to raise. I simply cannot believe that we will be unable to think our way out of our dilemmas."

The essence of Dr. Sawhill's look into the future is change, change that will lead to better science/technology. "I see a resurgence of R and D funds but with the money and effort switching to areas of emphasis that are different from those of the past. I see us shifting our technologies away from the defense and space programs that have captured so much attention to other fields more directly related to us as individuals—things like medicine, environment, energy, nutrition, pollution. I think we will develop a closer, better link between science and government that will result in creating a set of priorities for science and this, in turn, will mean better science and an enhanced level of national well-being."

"You can include me among the optimists," Dr. Seaborg says in his soft-spoken, thoughtful way. "To be without optimism is to be without hope. I do not doubt that we are entering a period of austerity. But, and I suppose it is quite ironic, I base much of my optimism on the very energy crunch that grips us now. The energy crisis that is hurting us is also helping us by dramatizing our dependence on our scientists and engineers. This will unquestionably restore a sense of balance, will bring scientists and engineers back into proper perspective. I see signs of it happening already. Because of this I am convinced we will marshal our intellectual resources to solve our problems."

Dr. Abelson expresses the pessimists' view. His panorama of the future is dismal and he describes it in somber tones. "After a long period of mismanagement and of frittering away resources and opportunities, we now face a set of monumental challenges that put a severe strain on the ability of society and the profit system to cope with technological realities pragmatically and intelligently. We are in for tough times. Just getting through the next five or ten years is a tremendous challenge. I think we are due for a lowering of the level of our technology and I think it is even likely that we will have a lowering of our overall standard of living." But Abelson does manage to perceive a few, thin threads of silver caught in the lining of his dark cloud. "My hope is that I am right in my reading that there is in process a growing Administration recognition that the scientific/technological crises confronting us are not solvable by political fiat but by sceintific/technological performance. There seems to be the stirirng of a government move toward more perceptive, more relevant support of science—hence, a stimulus for better science. If my reading is accurate, if this movement accelerates and expands, then the tough times ahead can become less protracted."

Bill Carey pitches his tent on the nether side of Phil Abelson's. "I do not see this nation again in the position of world preeminence in science/technology that we enjoyed as recently as five to seven years ago. It is a lead we have given up and will not recover. In basic science we will continue to hold a respected seat at the table but is will now be a round table, no more place set at the head. In technology the prospects are more gloomy. I see us driven by problems and hampered by slackness in the tchnology apparatus. We will be backed into troubles when we should be able to approach them with our bow instead of our stern. I can see decades of crunches, squeezes, and shortages that will create public demands for better scientific/technological arrangements by government, by the academic institutions, and by industry."

Unquestionably, the nation has been ill-served in the way science has been administered. It is equally clear that these maladroit policies will, unless changed, do even greater harm to the national welfare. Based on my interviews, I think several steps should be taken.

The Science Adviser should be restored to the White House, where his counsel will be directly and immediately available to the President.

The Federal Council on Science and Technology should be revitalized because it has the potential for making a significant contribution to the nation's well being. But the potential can be realized only if chairman Guy Stever forces the Council to turn from pedestrian matters to major questions and if he requires the member agencies to assign top-level representatives to the Council instead of fourth-echelon people as is now the case. Dr. Stever cannot do this unless President Nixon gives him enough clout to chair the Council more aggressively.

Congress should move rapidly to get its new Office of Technological Assessment into full operation. Then it should utilize OTA fully to make it less likely that members legislate unwisely or get locked into premature public positions on science matters.

Scientists and engineers should use their professional organizations to participate in the political decision-making process, alerting Congress and the Administration to possible problem areas, proposing remedial actions, taking public stands on issues related to science and technology.

But most of all, the federal government must for the first time in history frame an overall policy that eliminates crash-basis science, erratic funding, and submission to faddish enthusiasms, and that substitutes consistency, continuity, balance between research and application, and long-range planning relating science/technology to national needs and goals.

After examining the American house of science, I came away troubled. The fine, old structure has cracks in the underpinnings, mildew on the walls, leaks in the roof. But if the defects seem more distressing than some who dwell in the house judge them to be, they are not yet fatal. The structure is yet repairable. What remains to be answered is whether the residents will agree in time on comprehensive rehabilitation and will take up the tools to make repairs intelligently and promptly, or whether they will vacillate and dissipate their efforts in piecemeal approaches that delay, but do not prevent, the decay that must eventually leave them—and us—out in the cold.

THE CONSTABLES OF BROTHERS, OREG.

Mr. HATFIELD. Mr. President, in the wide open spaces of eastern Oregon, the towns are often some 100 miles apart, and often there is not much civilization between. On one stretch of highway from Bend to Burns, however, Nell and Clayton Constable make life more pleasant for travelers, as well as for the people living on ranches and farms in the country surrounding the little town of Brothers, Oreg.

Recently, a reporter for the Bend Bulletin visited the Brothers store and talked with the Constables about their business serving the people of central and eastern Oregon.

I ask unanimous consent that this interesting article, by Ila Grant Hopper, of the Bend Bulletin of March 27, 1974, be printed in the RECORD.

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

BROTHERS STORE IS SOCIAL CENTER OF CENTRAL OREGON HIGH DESERT

(By Ila Grant Hopper)

Nell Constable wiped her hands on her apron and smoothed her dark brown hair.

"No, we certainly don't get lonesome," she smiled. "Our neighbors come here to visit, or to pick up their mail, or buy a few groceries. We've had the store 15 years now—and our roots are here on the desert."

Her husband, Clayton, nodded. He's 63. Nell's 59.

"Brothers may be out in the middle of nowhere," he drawled. "But sometimes, it's just like Grand Central Station. Course, I've never been to Grand Central Station."

The Constables' country store, about 55 miles east of Bend, is the social center and community hub for some 40 families who live on cattle ranches on the Central Oregon high desert. Brothers is one of the few wide spots on the 132-mile stretch of road between Bend and Burns. It is 16 miles east of Millican, and 21 miles west of Hampton.

It was a slow day. Two or three women from the State Highway Division maintenance station just east of the store had stopped in on a variety of business. One borrowed a frying pan to try a new receipe for almond roca.

"You have to have a good, thick pan so you can melt the butter but keep it from burning," Nell explained. "Here, try a piece of my candy. I just made it this morning."

Another of the "girls," as Nell calls them, brought a persimmon to be stored in the freezer.

A little bell jingled and the door burst open. A 12-year-old boy, one of the nine pupils at the school across the road, reached in the pocket of his faded blue jeans to make sure his lunch money was still there.

"I'd like a hamburger, if you please, Mrs. Constable."

"Ready in a minute," Nell promised.

The bell jingled and the door opened again. The noon-hour rush was on.

This time it was Bob Williams, the state patrolman who covers the area.

"What's the special of the house today?" he asked.

"We thought you'd be along today."

The latter comment came from the end of the counter. It was offered by Lewis Constable, 24, the youngest of the Constables' four sons. Recently he and his wife, Marilyn, joined his parents in operating the store.

"Mom baked a fresh rhubarb pie, 'specially for you," Lewis said.

"Sounds good," Williams agered. "I'll start out with a hamburger deluxe."

Nell Constable is a famous cook. Tourists who frequent the desert to hunt deer or search for rocks and arrows often plan to reach Brothers at meal time.

"How's the gasoline business?" Williams asked, straight-faced. "I might be able to line you up some customers from Bend."

Years ago, Clayton was service manager at a Bend garage.

"Don't do much mechanical work any more," he remarked. "Just enough to get 'em down the road."

Clayton keeps the 30-cup coffeemaker purring like a new Cadillac.

"Takes up to 10 pots a day in summer time," he said. "In winter time, we get by with three or four."

"We're real busy from the first of May

through November," Nell explained. "When we need extra help, the girls from the highway station give us a hand."

During the busy season, the store is open seven days a week—from the time the mail truck stops enroute to Burns at 7 a.m., till 8:30 or so in the evening.

"We get lazy in winter time," Nell said. "We turn off the grill at about 6:30 in the evening, and we don't open up on Sundays."

When business is slow, there's more time for socializing. Every morning there's a kaffee-klatch. Sometimes six or eight mothers stop in after bringing their children to school.

"We have a card party about once a month at the school," Nell said. "And the community barbecue, in the fall, is the highlight of the year."

The school Christmas program and eighth-grade graduation are big deals, too. And "once a year or so" there is a dance at Pringle Flat, 12 miles north of the school.

The Constables picked up the thread of the conversation, as customers and visitors came and went. Frequently the phone rang.

"We have the only phone in Brothers," Nell explained. "So the store is sort of a relay station for messages. In emergencies, we deliver them in person."

"It's a pretty close-knit community," Clayton commented. "We all help each other in a pinch."

The Constables admit that running the country store is demanding, and there aren't many vacations. Nell made a trip to North Carolina five years ago, and last year she spent a few days in California. She regrets not being able to visit oftener with her three older sons and their families.

Del (DJ) is 41, and a district oil company manager in Los Angeles. Kenneth, 39, is an Army lieutenant colonel in Iran. Don, 32, works for General Electric Co. in Los Angeles.

The Constables have seven grandchildren. Constable was born in Prineville, and Nell came to Bend at the age of 12.

"I guess you have to love the desert to live out here," Clayton commented.

"It's a rewarding life," Nell said. "I can't think of anywhere I'd rather be."

SOME FORGOTTEN AMERICANS

Mr. EAGLETON. Mr. President, last week 30 million Americans received a badly needed and too long delayed 7-percent increase in social security benefits.

In order that those aged, blind, and disabled persons who receive supplemental security income payments should also have a cost-of-living increase, late last year Congress enacted legislation increasing the SSI payment levels—initially set at $130 for an individual and $195 for a couple—by approximately 7 percent, or to $140 for an individual and $210 for a couple.

The SSI increase was made effective in January. However, because it was not possible for the Social Security Administration to make the increased payments in January, SSI recipients received January payments at the $130–$195 levels. In February SSI checks were increased to $140–$210 levels, and the February checks also included retroactive payments for the month of January.

Thus, the 3.2 million recipients of supplemental security income should have received in February the cost-of-living increases that other social security beneficiaries have received this month.

But, sadly, Mr. President, more than a million SSI recipients across the country—those persons who also receive State supplementary payments—have not had any increase in income.

This has occurred because, under Federal law, the States have been free to reduce their payments to the aged, blind, and disabled by the amount of the SSI increases received in February. Federal law requires only that the States make payments to persons who were on State assistance rolls in December 1973 in an amount that will insure their total income is no less than it was in December 1973.

Last November, when the Senate considered H.R. 3153, I offered an amendment that would have required the States to "pass through" the SSI increases to their aged, blind, and disabled citizens. My amendment was adopted by the Senate, but it has since been languishing, along with other important provisions of H.R. 3153, in a conference committee.

Mr. President, I make these remarks today simply so we may be reminded that many of the aged, blind, and disabled who have suffered most from the continually increasing cost of living and who most needed an increase in income have not received the benefit of the increases provided by Congress.

In my own State of Missouri, some 77,500 aged, blind, and disabled persons are this month still receiving only that level of income they had in December 1973. The SSI increases—$10 for a single person and $15 for a couple—have simply been absorbed by the State.

Let me cite a hypothetical, but typical, example of what has happened to too many SSI recipients in Missouri and elsewhere.

In December 1973, Mrs. Jane Doe received a social security benefit of $110 and an old age assistance check in the amount of $85, for a total income of $195.

In January, in addition to her social security benefit, Mrs. Doe received $40 from SSI and $45 from the State. Her total income remained $195, as required by Federal law.

In February, Mrs. Doe's SSI check was increased from $40 to $60, representing a $10 increase for the months of January and February. Her State supplementary check was reduced by $20 in order to recover the $10 she was "overpaid" in January. Mrs. Doe's $10 SSI increase vanished into thin air.

In March, her SSI check dropped back to $50 and her State supplementary check stabilized at the $35 required to maintain her December 1973 income of $195.

Now comes April, the month of the long awaited social security increase. Mrs Doe's social security check is increased from $110 to $118. Her SSI check is decreased from $50 to $42. Her monthly income remains $195.

During the first 4 months of 1974, Mrs. Doe's three checks have gone up and down, month after month, in a way that is exceedingly difficult to explain or to understand. But the net result is simple—she has had no increase in income.

Mr. President, had my amendment been approved by the conference committee, more than a million Mrs. Does across the country would now be enjoying a small, but sorely needed, increase in monthly income. As it is, they must struggle to make an income inadequate in 1973 cover 1974 prices of food, fuel, and other necessities. Little wonder if these Americans feel they have been forgotten.

Even without enactment of my amendment, State legislatures may still act voluntarily to insure that these people have the benefit of future increases in Federal benefits. The next increases will come in July when social security benefits will be increased by 4 percent and SSI payments will be increased by $6 for an individual and $9 for a couple.

I am happy to be able to report that the Missouri Legislature recently enacted legislation that will permit 54,000 aged, blind, and disabled persons to receive the July SSI increases without having their States check reduced. Even so, another 23,500 people who do not qualify for SSI but receive only State supplementary payments may have their State payments reduced as a result of the July social security increase.

Mr. President, I ask unanimous consent that articles from the St. Louis Globe-Democrat and the St. Louis Post-Dispatch describing the action taken by the Missouri Legislature be printed in the RECORD.

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

[From the St. Louis Globe-Democrat, Mar. 23, 1974]

BOND OPPOSES WELFARE BILL IN PRESENT FORM

(By Les Pearson)

Gov. Christopher S. Bond wants to cut state supplemental welfare payments to the aged, the blind and the disabled, and for that reason is opposing in its present form a bill pending in the Senate, his office said Friday.

The bill, to be heard Tuesday, would require the state to continue payments at their present level, regardless of any federal aid increases. Bond wants to pay just enough out of state funds to keep combined state-federal payments from falling below their December, 1973 level.

But House Democrats say they will oppose any Senate changes in the measure, which officials say must be passed by March 31 to avoid the loss of $65 million in federal Medicaid funds for Missouri.

Alan Woods, Bond's chief of staff, said, "we're not for that bill as it stands now in any way, shape or form."

Welfare Director Bert Shulimson said the bill as originally introduced by Rep. Russell Goward (Dem.), St. Louis, would meet federal requirements. But a House committee headed by Goward added the provision that state payments should not be reduced.

Charles Valier, Bond's legislative aide, told Goward the governor would veto the bill in its present form, Goward said. But Valier said he told Goward that the governor objects only to the form of the bill.

Goward told The Globe-Democrat he will oppose any Senate effort to change the bill.

Woods said Attorney General John C. Danforth's office has not yet formally notified him or the governor whether legislation is needed to meet federal requirements.

But Assistant Attorney General Kermit Almstedt, who has researched the question, told The Globe-Democrat, "If there's no legislation by March 31, we're out a lot of money."

Robert R. Northcutt, chief counsel for the

Division of Welfare, said the original bill, which Bond's office has said he will support, will meet the federal requirements.

The state will save about $5 million a year if it can reduce its supplemental payments, as federal payments are increased, Northcutt said, but House Democrats have insisted welfare income of recipients be increased as Congress approves additional benefits.

For example, suppose the December, 1973, level for a welfare recipient was $150 a month in combined state-federal payments, and the federal payment in the future is increased by $10 a month. Under the pending bill, the $10 would be added to the $150, bringing the total to $160. Under the Bond proposal, the state payment would be reduced $10 and the total would remain $150.

The categories involved were taken over by the federal government last year, although state supplemental payments are required by federal regulations.

Charles Valier, Bond's legislative aide, said the takeover by the federal government was intended to relieve states of the responsibility in those welfare categories.

He said the governor wants the flexibility to end state supplemental payments in cases where it is warranted.

Shulimson said he and Northcutt will appear before the Senate committee to explain that, in their view, some legislation is needed.

But both said the original bill is sufficient to meet federal requirements. They said they will take no position on placing a floor under state supplemental payments unless instructed to do so by the governor.

[From the St. Louis Post-Dispatch, Mar. 29, 1974]

SENATE PASSES WELFARE-HIKE BILL BOND HAD OPPOSED

(By Fred W. Lindecke)

JEFFERSON CITY, March 29.—About 54,000 aged, blind-and disabled persons will get a small increase in welfare benefits July 1 if a bill passed by the Legislature is signed by Gov. Christopher S. Bond.

However, the bill was included on a hitherto secret list of bills that the Governor had asked Republican legislators to block.

The Federal Government is scheduled to increase welfare benefits by $6 a month for a single person and by $9 for a couple beginning July 1.

The bill sent to Bond by the Senate yesterday would prevent the state from cutting its supplementary payments to these welfare recipients by the same amount.

Current state law requires the state to cut its benefits by whatever amount the Federal Government increases its allotments. Bond tried to keep this provision in the new bill, an amendment to do so was defeated by the Senate, 16 to 13.

If Bond signs the bill he would have to add $5,200,000 to his budget for the fiscal year beginning July 1 to pay for the benefits. The budget presented did not contain these funds, on the presumption that the current law would be followed and state supplementary payments cut.

Bond is under pressure to sign the bill by Sunday because the measure contains provisions necessary to comply with certain federal demands. The state is threatened with loss of $40,000,000 in federal welfare funds unless the deadline for enactment is met.

However, an aid to Bond charged that the refusal of the Senate to accept Bond's changes might have left the welfare bill flawed to such an extent that payments under it would not be legal.

Welfare recipients to whom the bill's provisions would apply include only those aged, blind and disabled persons who were on the welfare rolls last December.

Last year, the Legislature passed the law that gave these aid recipients supplementary state payments to protect them from loss in benefits when the Federal Government took over welfare categories on Jan. 1 of this year.

Persons who began receiving the new federal welfare benefits after Dec. 31, 1973, are not eligible for the supplementary payments. The July 1, 1974 increased federal benefits will apply to all recipients. But those persons receiving the state supplement will not gain income if the state law is not changed.

WELFARE REFORM

Mr. THURMOND. Mr. President, the reform of our welfare program has been the subject of considerable interest in recent years. It seems that this area is one in which confusion and inequity abound, leaving us with a program which, in addition to failing to reach its goals, is actually proving to be counterproductive in many cases.

In order to legislate effectively in this or any other area, it is vital that we in the Congress be well informed. For that reason, I ask unanimous consent that an article which appeared recently in the National Review be printed in the RECORD.

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

[From National Review, Jan. 18, 1974]

THE WELFARE DOLLAR GOES 'ROUND AND 'ROUND

(By Clayton Thomas)

The welfare rolls in the United States currently number 15 million Americans, and the annual cost is approximately $20 billion. But welfare is not just statistics. It is synonymous with poverty, and poverty means drugs, crime, and deteriorating cities. A drug addict dies on a lonely Harlem street. A building superintendent bashes down a door in a dank tenement and rapes a woman. A welfare mother screams obscenities because she cannot get the money to feed her children.

Despite the massive social and economic effects of welfare, no solution seems forthcoming, partly because sharply conflicting analyses logjam reform. Liberals see the problem as economic: those on relief are excluded from the mainstream, unable to help themselves; higher payments are in order. Conservatives see the problem in moral terms: those on relief are "cheaters" and "loafers"; financial cutbacks and stricter regulations are in order.

Some of the contradictory attitudes are no doubt illusions believed by various people for politcal or personal reasons. My own opinion is that there are indeed many myths about welfare, and that these must be exploded before a solution to the problem of public assistance can come into sight. Among the most significant are these:

Welfare is an economic phenomenon caused by a lack of jobs.

The rapid growth of Northern welfare rolls results from the immigration of blacks and Puerto Ricans who, frustrated in their search for jobs, are forced onto the welfare rolls.

Welfare clients are disabled by their social environment and will leave the relief rolls when they are given better housing, education, job training.

Welfare clients are not loafers, cheaters, and baby producers, and their aspirations and values closely resemble those of middle class working people; but because of social deprivation and alienation, they have never had the opportunity to get jobs and become self-sufficient.

UNEMPLOYABLE

During a year as a caseworker in the New York City Department of Social Services (formerly known as the Welfare Department), I dealt with hundreds of welfare clients—black, white, and Puerto Rican—in all welfare categories. I pounded the pavements of hard-core ghettos and visited dilapidated tenement apartments, welfare hotels, and boarding houses. My own experiences did not support the above myths.

Although welfare regulations required that single employable individuals (Home Relief) look for jobs, only two of the 60 on my caseload made any effort to find work. The rest turned down employment, avoided interviews and job training like the plague (they usually got sick on the day of their appointment with prospective employers or job counselors), and tried desperately to produce medical excuses indicating that their ability to work was limited or that they were incapacitated.

In one case, a white welfare client admitted to me that he was physically able to work, and he subsequently passed a city health examination with flying colors. Then, apparently panicking at the thought of a job, he brought in a letter from a physician stating that he had numerous ailments and was not employable. (The doctor who had written the report specialized in welfarites and mentioned that this patient would be coming to him for a substantial amount of treatment.) The welfare department, fearing legal suits if they made the man work and it turned out that he really was ill, decided to classify him unemployable. When I asked him about his sudden change in health, he merely looked at the floor, shuffled his feet, and said nothing.

A Puerto Rican male on my caseload, classified as employable until he brought a letter from a doctor alleging a disabling kidney ailment, somehow maintained an excellent wardrobe; once he was picked up by the police for robbery and held for five days; after his release he explained to me that "I had no idea this friend of mine standing next to me in the department store was stealing all that stuff. I thought we were just going in to do some legitimate shopping."

In another case of health impairment, a white client had been badly slashed with straight razors and left for dead on a desolate street. After intensive hospital care he recovered, but he claimed that the psychological effects of his "accident" incapacitated him for work. By his own account, however, he did have the energy to hunt down black and Puerto Rican addicts and beat them with a lead pipe. (He was eventually arrested and held on $20,000 bail.)

Fifty-seven of my 60 Home Relief recipients had no job histories within the previous three years that I could verify, and only two could qualify for unemployment benefits. When I suggested to one client, who had complained that he could not find work, that he might be able to get a position as a janitor, he replied, "You can go ——— yourself, Mr. Thomas, if you think I'll do ——— work like that." This man, who had deserted his family, eventually found a job of his own; he sold narcotics.

Most of these clients came in off the streets and were narcotics and cocaine addicts, alcoholics, and prostitutes (male and female). Others were referrals from hospitals (often addicts) and prisons (usually addicts and/or pushers).

Home Relief clients and narcotics addicts were the most dangerous to deal with, and employees in my center were periodically beaten for refusing to give them funds to which they were not entitled. On the other hand, the welfare center's guards frequently beat up recipients (usually frail ones), and one floored a female supervisor one day with a punch in the face. Another was arrested

for selling heroin to the welfarites. Though nearly all of them were black or Puerto Rican, they hated the recipients and the system itself. One, a Negro, told me, "Rockefeller and Lindsay give these ——— assistance, but they won't give us a decent salary. The best way to clean up this city is to assassinate the mayor."

Welfare mothers had fundamentally the same attitude toward work as the Home Relief clients. Nor were they interested in gaining employment skills. Only one of 30 mothers on my caseload could be persuaded to apply for the Work Incentive Program (WIN), then voluntary, which granted cash incentives and baby-sitting fees to trainees, and only gradually reduced a woman's welfare payments once she found a job. Of those who enrolled in WIN citywide, only 10 per cent finished the course; of these, only a small number took employment. Why such a poor success rate? In my opinion, many mothers enrolled only for the extra cash and for a variation in their daily routine. Then, as time went on, they began to resent the restriction on their freedom, and they quit. A mother of four told me, "I'll go to school or job training, but I don't want to work."

From such experiences, I concluded that supplying more jobs would hardly resolve the welfare problem, or even significantly reduce the rolls. On the contrary, the rolls would remain static, because the vast majority of welfarites would do whatever they could to escape the employment created for them.

How, then, do sociologists manage to conclude that welfarites want to work? My guess is that, after years of interrogation by their caseworkers, welfare clients know full well what values they are *supposed* to have, and how they are supposed to respond to questions posed by middle class interviewers. When asked how he feels about working, the client automatically responds, "I want to work." I ran into this phenomenon constantly on my job; some recipients even falsified their life and work histories according to what they felt was expected of them, and I often held erroneous views of a welfare family's status because of the fabricated answers I got. Researchers do not realize that welfare clients feel psychological pressure to conform, or to pretend to conform, to traditional middle class values.

MIGRATING TO JOBS?

Another mistaken theory, as I mentioned, is that blacks and Puerto Ricans generally came north in search of employment, and were instead forced onto the relief rolls by the shortage of jobs. My own experience is that they generally migrated specifically to get public assistance. Two years ago, when food budgets in New York were reduced 10 per cent by the state legislature, an irate mother of five told me, "If you people keep cutting back the budgets, I'll tell my relatives in Puerto Rico not to come over here." A black client told me, "I want to go back to the South, but the welfare there is way too low. The only way I would do it is if I got my New York welfare checks sent down to me in South Carolina." When I told her that was impossible, she decided to stay in New York. A carload of prospective clients drove straight through from California and arrived, one day, at the front door of my welfare center, got out of their jalopy, and got right on the rolls. They made no bones about it. Ronald Reagan was cutting back welfare in California, and they had come to New York for higher payments.

Many advocates of welfare fail to realize that migrants from the South and Puerto Rico are far better off in New York slums than in the hovels from which they came (four to eight times better off, in dollars). But the point is not lost on the South and Puerto Rico. A white welfare employee with friends in Mississippi and Louisiana told me, "The Southerners are laughing in their boots as the blacks flow north for welfare. They're only too glad to let us have them." And the local government in San Juan has erected signs in the slums: "Go to New York and Have the Baby Free."

WHAT CAUSES SLUMS?

The civic-minded, alarmed by the degradation in which welfarites live, often call for new housing. The usual assumption is that dilapidated neighborhoods result from the negligence of slumlords. But I found the primary reason the sheer active destruction by tenants themselves. A member of the mayor's Hotel Task Force, who spent his time rehousing hotel welfarites in apartments all over New York, told me; "The continuing decay of the city and the condemning and razing of city blocks is due to welfare recipients. The working poor have a stake in their property, and they care for their homes. Welfarites don't. They know that whatever happens, the welfare department will take care of them." Welfarites, I found, move into neighborhoods, bring crime and violence, rout the working poor and middle class, occupy the buildings, then physically destroy them. The process takes only a few years; the cycle merely begins anew when welfarites are moved to new housing, as is now happening with low income model housing and Model Cities buildings.

How does the destruction occur? One family with 12 children was rehoused four times. Each time, one of the children, a firebug, burned down their accommodations. In another case, a mother of four who wanted better housing simply burned her own apartment down. A physically ill welfare client who had lived four years in the Hamilton Hotel, one of the first of a series of welfare hotels to be condemned in the city during 1971, gave this account of how his building deteriorated: "About a year ago, the management formally opened the doors to welfare to get more money. That was the end of the place. The clients burned out whole wings of the structure. Most of the people are addicts and prostitutes. We have muggings and murders in the hallways. The junkies ring the fire alarms to attract the guards to one area of the building and then break down doors, beat and rob people in another. I've seen the kids bashing away at the marble on the walls with hammers." Why do they do that? "For the same reason that people climb mountains. Because they're there. These people aren't civilized enough to live in organized society." A black welfare recipient who lived in the Broadway Central Hotel told me: "Last week they gang-raped the maid on the seventh floor, and two nights ago a seven-year-old was raped on the fifth. I can take the rats, Mr. Thomas, but I can't take the people. I have to barricade my doors at night to stay alive." Equally shocking accounts were given me by members of the Hotel Task Force.

In order to visit the homes of my welfare clients, I entered what were, undoubtedly, some of the most dangerous neighborhoods in the world—the South Bronx, Harlem, and East New York. I dodged addicts in doorways, confronted heroin users about to "shoot up," and was followed through lonely streets by muggers eager for my wallet. Other caseworkers in my center were less fortunate; they were assaulted, robbed, and in one case, held down on the top floor of a dilapidated building and injected with heroin. It is hard for most of us even to imagine the day to day terror in which slum residents live. One family, living in a building that seemed to be on the verge of collapse, told me: "The addicts trade drugs and shoot up every night in our building. Last week we heard a bad fight in the hallway at about 3 A.M. The next morning, when we got up, a corpse blocked our front, door. The man had been stabbed to death." I once ran for my life from a hotel, pursued by one of my own clients, a huge, crazed black man who assaulted and robbed the other tenants, but was tolerated for a time by the terrified couple who ran the place.

Reform-minded people often hope that better schooling for the children of welfarites will prepare them for jobs and a decent future. But unfortunately the decline of ghetto schools, has paralleled the rise of the welfare rolls and the expansion of slum areas. The role of the teacher is no longer to teach, but to maintain at most minimal order; as one teacher put it: "My two jobs are to keep myself alive and to keep my students alive." Drugs, crime, and violence permeate the junior high and high schools in poor neighborhoods. A talented 12-year-old welfare child, going to a half-black and half-Puerto Rican junior high school in Manhattan, said: "I keep quiet in the classroom and don't make trouble. That way the teacher gives me Bs. The troublemakers get Cs and Ds. Whatever I learn, I learn on my own. I'm under a lot of pressure to take heroin, and kids try to beat me up because I won't. The high school I'll end up going to is worse. I hang out with the white kids, who get in much less trouble." A Puerto Rican mother, whose two children attend a primary school in the South Bronx, told of a gang war among 12-year-olds that resulted in one child's being shot in the face.

To exacerbate the situation, poor parents have recently grown self-righteous and militant toward established authority. Discipline is next to impossible. One teacher told me: "Whereas, in the past, parents would be angry at their children when they got into trouble at school, most blacks and Puerto Ricans vent their hatred on the system when the kids do something wrong. The children are rarely taken to task."

ABUSES UNCHECKED

A recent survey revealed that the working American tends to see welfarites as loafers, cheaters, and baby producers. Despite the protestations of many social commentators and politicians that this is an unfair stereotype, my own experiences support this view. Cheating was virtually universal. One mother of six, who had secretly moved to New Jersey, came into the city for over a year to collect undeserved public assistance checks at a Manhattan mailbox. Several of my clients held fulltime jobs they had not acknowledged. Others were getting financial support from boyfriends or fathers of their children and did not report it. Some recipients had gotten on the rolls at a number of different welfare centers and were receiving from two to six checks at a time.

The computer checkup system which was designed to detect such abuses was in a state of chaos. Even when fraud was somehow discovered, welfare officials in my center, fearing that they would be held responsible, took no action against the offenders and quietly ordered the records sent to the dead files.

In one case of gross embezzlement, a supervisor was so infuriated he decided to prosecute; but when he brought his evidence to the courthouse, the Assistant District Attorney asked him to drop the charges, explaining that the strong support the clients would get from groups like the Legal Aid Society would make the litigation interminable. Besides, he added, his office had to deal with more important criminal cases than welfare offenses. The charges were dropped. Two days later, the family was back at the social service center demanding assistance. Payments were quickly resumed.

In most court cases, ironically, it was not the welfare department but clients themselves who did the prosecuting. One man who had concealed an income double the amount of his welfare payments demanded, upon being detected, a hearing. He flatly denied the facts, which welfare officials proceeded to establish. The court ruled against the client, who, enraged, threw a chair at

the judge. A supervisor then had to grab the recipient in a hammerlock to prevent further violence.

The "missing" father of a welfare family turned out to be living at the family address, fully employed, and claiming the family as dependents on the tax form. Armed with full proof, the caseworker terminated the mother's checks—whereupon she demanded a hearing. She claimed in court that her husband had deserted her since the termination. The welfare department, caught off guard, had no way of proving otherwise. Payments were ordered resumed. When the husband's name was referred to the Division of Legal Service for tax evasion, the detectives showed no interest in pursuing the matter. Contrary to City Hall press releases, the Legal Services Division showed the same reluctance to track down missing fathers of welfare children.

These cases typify the casual fraud and belligerency of welfare clients, but they also point up the fantastic craving of welfarites for their checks and the difficulty of getting them off the rolls. Welfare has become a social right as unchallengeable as the right to life itself. Such fraud was actively assisted by the mayor's aides. Pro-welfare organizations, like Mobilization for Youth and the West Side Community Alliance, constantly put pressure on the city to give illegal grants to bitterly vociferous clients. Lindsay's appointed political officials, especially Jule Sugarman and his associates at the Human Resources Administration (which governs the city welfare system), usually buckled and ordered the money handed out. In one case, a welfarite decided he wanted an apartment for which the rent was far in excess of normal public assistance levels. Rather than waste time with the welfare department, the man opened a small bank account and purposely bounced $450 worth of checks for the rent, security, and broker's fee needed to secure the accommodations. While the various defrauded parties considered legal action against him, antipoverty agencies pressured city administrators to help him out, and I was finally ordered to issue welfare funds to cover the bogus checks.

In another case, when a political aide authorized illegal grants of money to a public assistance family on my caseload, I asked the director of my welfare center to complain to the Human Resources Administration. He did. The response he got over the phone was "Lay off these people." The answer seems natural enough, since the welfare mother involved had a long list of appointed officials to call whenever she needed help. Once I was even directed to give money to an unauthorized alien who was being deported, even though welfare officials at my social service center admitted he was totally ineligible for funds.

Fraud is now harder than ever to expose, since the new income maintenance affidavit system has all but eliminated checkup visits to welfare homes. A prospective recipient simply comes into a welfare center, states his case, signs an affidavit form attesting that the facts he has given are true, gives some documented proof, and the checks start rolling off the computer. To qualify for further aid, he has only to reappear periodically to reiterate his need for funds.

When it came to reproducing children, welfare clients justified the worst suspicions of conservative cynics. Not only were there many children; in large families, there were often many fathers. Instances of deserting husbands were rare; transient boyfriends begot most of the children, and mothers usually claimed they knew little or nothing about their vanishing mates. Some children resulted from casual pickups. I had no success in getting any of the mothers on my caseload to practice contraception. Exasperated, I finally asked several Puerto Rican mothers if their resistance was on religious grounds; the answer was always a flat no. Most of the welfare mothers were single and knew about contraceptives; but apparently they just could not be bothered to use them.

The high birth rate would be less disturbing if welfare children were raised in a healthier atmosphere. But though a few mothers showed great concern for their offspring, most let their four-year-olds roam the streets unattended and left their children home alone. Physical violence and child abuse was commonplace. I observed whippings and clubbings of three- and four-year-olds, and saw one infant picked up and thrown across a room. One welfare mother's boyfriend would hold her five-year-old daughter's hands over the flames of a gas stove for punishment; eventually the child's fingers became maimed lumps of scar tissue. Another mother poured boiling water over her small son; the social worker told me that this was not a serious enough abuse to warrant placing the boy in a foster home.

Many social theorists think that a father's presence would help to stabilize public assistance families. Accordingly, the welfare department tried not to break up mothers and their lovers. But it is doubtful whether this theory is entirely realistic; in many cases, the presence of the lover was clearly a negative influence on the family, but the mother—out of loneliness, simple affection, or an inability to handle his brute force—did not put him out. One woman got a new hairdo and hat to celebrate when she heard that her common law husband had died in a gutter.

COSTS GROW AND GROW

Though welfare requirements in New York have been made more stringent over the past two years, the cost of the welfare program continues to grow. This is largely due to increasing rents and medical costs, and to the general inefficiency of the system; college-educated caseworkers have lately been replaced by incompetent, untrained, and often truculently lazy affidavit clerks, and the recently installed computer system is chaotically disorganized.

Moreover, the Lindsay administration's claim that the city's welfare rolls have stopped growing in the past year is hardly credible. The welfare employees I have talked to do not believe it. One told me, "While I'm not in a position to judge citywide, I've seen no letup over the past year and a half of people getting on the rolls. As far as I am concerned, the 'freeze' is merely statistical manipulation." This is in accord with my own experience as a caseworker: I kept close track of the activity in my center and during the periods when City Hall was claiming "zero" growth, I saw no change in the number of new cases accepted for welfare. To deepen the mystery, the *Times* reports that the middle class exodus from the city is continuing; it is difficult to believe that those who leave are replaced only by others who are employed rather than by welfare clients. Furthermore, poor Puerto Rican families continue to pour off the planes at city airports. If one accepts the administration's claim, it is hard to explain where these people are going and how they are supporting themselves. (The "freeze" may simply be an illusion created by the new system's inefficiency in registering new applicants and the computer's zeal in arbitrarily closing old cases.)

There are now various compulsory programs for those welfarites who are able to work, and the principles involved has found support in a recent U.S. Supreme Court decision. But even if the city had the will to enforce these, it would still lack the means. Besides, the programs are so inefficient as not to be worth their expense. The Work Incentive Program, for example, has succeeded in getting only 2 per cent of those mothers registered as eligible off the welfare rolls.

During the latter half of 1973, the retiring Lindsay administration has made a last ditch effort to influence federal policies and the new Beame mayoralty with its political attitudes toward welfare. Numerous statistics and studies have emanated from Jule Sugarman's office. One done recently by the Rand Institute and the city, and reported in the *Times* under the headline "Welfare Clients—Working When They Can," purports to show that approximately 40 per cent of the families on welfare in New York City have some family member working and use relief to supplement that income in order to survive. In addition, the study claims that the constant turnover of cases on welfare indicates the relief population is not a static mass of people, parasites on the public purse, but in large part a group of individuals who use welfare during periods of hardship when they are temporarily unemployed; 43 per cent of all welfare dollars, according to the study, go to such recipients.

It is my opinion that these statistics do not in any way represent the reality of welfare, but are fabricated and promulgated at the taxpayers' expense for political self-interest. Civil service welfare workers, throughout the late 1960s and early 1970s, groaned with dismay as dozens of misleading and falsified studies that bore no relation to the phenomenon of welfare within the welfare centers poured out of the Human Resources Administration.

The Rand study "findings" were derived from an analysis of the 12-month period ending June 1, 1970, a time when I was employed by the welfare department. Contrary to what was reported in the *Times*, it was my experience, and that of dozens of other employees I worked with, that families acknowledging an individual working were extremely rare (I would estimate at most 5 per cent). Over a one-year period, in all my cases, only one family member was employed. While I assumed that some mothers and older children held part-time jobs, their employment illegally supplemented their welfare budget and was not part of any positive effort to become self-sufficient.

The notion that close to half of all welfare dollars go to families and individuals temporarily out of work is equally preposterous. Over a 15-month period, ending September 30, 1973, of 64,000 welfare families monitored by New York State, fewer than 2 per cent became financially independent of welfare. This is certainly a poor showing for a welfare population of which the city claims almost half is merely between jobs. Nor does it corroborate the Rand study claim that a good 15 per cent of the families surveyed were independent of welfare at the end of the one-year period. On the contrary, it was my experience that welfare mothers got on and stayed on the rolls. They had insignificant work histories and virtually no motivation for employment. Of those mothers completing the lengthy WIN job training program and securing employment, 35 per cent quit or were fired within 90 days.

CAN WE DO ANYTHING?

What can be done about welfare? In my opinion, these steps must be taken before the welfare mess can be corrected:

Welfare must be federalized, and payments made uniform throughout the United States. The present disparity of grants encourages migrations of the poor that will in time destroy the cities of the North. The trend of recent years to assume that clients will be on the welfare rolls for good must be reversed, and the concepts of employment, self-sufficiency, and social responsibility must form the foundation of any new welfare legislation.

Welfare administrators must be given the authority and autonomy to enforce the system without interference from politicians and pressure groups. When welfare clients repeatedly told me to "——— myself" as I

tried to enforce regulations, they know they could get away with it because they had the support of the local political system.

Welfare payments to families should be frozen at current levels; mothers should realize that more children will not net them more money.

Employable single individuals and mothers should be made to work ;day care centers to be run by public assistance recipients themselves, should be established.

Work programs should not take priority over regular jobs in the public and private sectors; nor should the welfare departments assume the responsibility for finding welfarites regular jobs.

Welfare mothers must be required—as a prerequisite for public assistance—to supply information about the fathers of their children.

Rules and regulations in various areas of welfarites' lives (housing, schools, fraud, and embezzlement) must be tightened and enforced. Incidentally, the new rigor must be applied to blacks and Puerto Ricans as much as to whites; white administrators and politicians, I have found, often enforce higher standards for white welfare recipients than for nonwhites, apparently assuming the latter to be incapable of assuming responsibility or attaining self-sufficiency.

Built upon mythical foundations, twisted by power-hungry politicians, and deeply entangled by decades of labyrinthine bureaucracy, the current public assistance system threatens to remain a ludicrous farce of inefficiency, manipulation, and fraud. Through the kind of recipient it attracts and fosters, it is destroying our nation's cities, terrorizing the populace, disrupting the school systems, exacerbating racial hostility, and turning the middle class into a nomadic culture, constantly on the run from deteriorating neighborhoods, drugs, and violence. For the sanity and dignity of the people, poor, rich, and middle income, the issue of complete public assistance reform has to be revived at the federal level, and tough legislation must be passed and implemented through a totally new and rigorously administered welfare system.

ASSISTING SMALL BUSINESS TO COMPLY WITH THE OSHA LAWS

Mr. BIBLE. Mr. President, as chairman of the Select Committee on Small Business, I have consistently tried to make it possible for the small business community to be partners in progress rather than the victims of progress.

It was gratifying that the legislation which I first proposed in 1969, enabling SBA loans for general compliance with consumer, pollution, environmental, health and safety standards, became law on January 2 of this year as Public Law 93–237. Our committee has also worked over the years on other possible legislative and administrative proposals to make it practical for small businesses to live with government requirements.

One of the notable areas of difficulty in this regard has been the occupational safety and health law. This statute gave rise to a massive 330 page set of regulations that still has many businesses tied up in knots in attempts to comply.

A serious defect in the OSHA statute from the beginning has been the inability of the Federal Government to be helpful to the small firms constituting 97½ percent of the business population who may desire earnestly to meet the requirements of the statute within their available management time and financial means.

We have advanced and supported legislation to provide for onsite consultations to remedy this problem. I was gratified to note the recent introduction of a bill by a member of our committee, the Senator from Iowa (Mr. CLARK), proposing that the Small Business Administration be given authority to conduct the onsite advisory inspections.

I have been advised by the Department of Labor that the Department views with approval the authority contained in section (b) of the Small Business Act that:

It shall be the duty of the Administrator (of the SBA) whenever it determines such action is necessary—(1) to provide technical and managerial aids to small business concerns, by advising and counseling on matters in connection with . . . accident control. . . .

I ask unanimous consent that the correspondence to this effect from the Labor Department be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. BIBLE. It was most encouraging that the 10th Biennial Convention of the American Federation of Labor and Congress of Industrial Organization (AFL–CIO) adopted a policy resolution stating that this great labor organization would accept an onsite consultative program for small employers provided that it was "financed to a separate budgetary request"; that is, separate from the administration of the OSHA law, and also that it "provides the same rights and protections for workers as are set forth in the inspection and enforcement sections of (that) act."

It seems to me that we now have some very welcome developments in this field.

I hope that the committees of Congress concerned will be able to move forward with these suggestions and bring a real measure of relief to the thousands of small firms who wish to comply with occupational safety and health requirements.

EXHIBIT 1

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., February 14, 1973.

Mr. JOHN H. STENDER,
Assistant Secretary, Occupatinal Safety and Health Administration, U.S. Department of Labor, Washington, D.C.

DEAR JOHN: The 10th Biennial Convention of the AFL–CIO held October 18-24 of this year unanimously adopted a policy resolution dealing with occupational safety and health. Copies of this resolution were given to your Special Assistant, Mr. Maywood Boggs, one of which he told me would be delivered to you. I understand that this was done.

I particularly wish to call to your attention that part of our policy resolution addressed to on-site consultative services. It reads:

"Accept any on-site consultative program for small employees only if it is separately financed and administered by an agency other than the Labor Department, provides the same rights and protections for workers as are set forth in the inspection and enforcement sections of the Act, contains penalties against its misuse to avoid compliance with the standards of the Act, and is financed under a separate budgetary request."

The AFL–CIO, therefore would oppose any legislation proposed, now or in the future, which would be counter to the above. Moreover, it would oppose with equal vigor any administrative proposal to accomplish on-site consultative services within OSHA.

I would appreciate your taking the opportunity to examine our statement dealing with on-site consultative services and giving us the benefit of your reactions at your earliest possible convenience.

Sincerely yours,

GEORGE H. R. TAYLOR,
Executive Secretary.

U.S. DEPARTMENT OF LABOR,
Washington, D.C., December 20, 1973.

Mr. GEORGE H. R. TAYLOR,
Executive Secretary, AFL–CIO Standing Committee on Occupational Safety and Health, Washington, D.C.

DEAR MR. TAYLOR: Thank you for your recent letter asking for my reaction to your policy resolution agreeing to on-site consultative programs for small employers if those programs are separately financed and administered.

My position is in strong support of on-site consultative service to assist small businesses in complying with safety and health standards. Even before affirming that stand during my confirmation hearings, I took an active role as a Washington State Senator in assuring such a provision would be included in my home state's occupational safety and health plan.

Under present law, the Labor Department is not authorized to offer Federal consultation in an employer's establishment without conducting an inspection at the same time. Where states have sought such authority, we have approved on-site consultation service in their plans, if it is shown to have separation from the mechanisms of enforcement sufficient to protect them against reduced impact.

While I am reluctant to offer an interpretation of laws that govern other agencies, to be fully responsive to your question, I feel I should point out a statutory provision that relates to your resolution. It is the authority found in the Small Business Act (PL 85–536, Section 8(b)) which empowers the Small Business Administration in making available "technical and managerial aids to small-business concerns" to provide advice and counsel on "accident control."

The pertinent provision follows:

"It shall also be the duty of the Administration and it is hereby empowered, whenever it determines such action is necessary—

(1) to provide technical and managerial aids to small-business concerns, by advising and counseling on matters in connection with Government procurement and property disposal and on policies, principles, and practices of good management, including but not limited to cost accounting, methods of financing, business insurance, accident control, wage incentives, and methods engineering, by cooperating and advising with voluntary business insurance, professional, educational, and other nonprofit organizations, associations, and institutions and with other Federal and State agencies, by maintaining a clearinghouse for information concerning the managing, financing, and operation of small-business enterprises, by disseminating such information, and by such other activities as are deemed appropriate by the Administration;" (emphasis supplied)

I hope the foregoing is helpful to you and your colleagues in furthering the common concern of labor, management and government to end injury and illness in the American workplace.

Sincerely,

JOHN H. STENDER,
Assistant Secretary of Labor.

U.S. DEPARTMENT OF LABOR,
Washington, December 20, 1973.

DEAR SENATOR BIBLE: Because of your recognized interest in helping small businessmen comply with occupational safety and health standards, I felt the enclosed letter from Assistant Secretary Stender would be of interest to you.

If you have any questions or require additional information, please let me know.

Sincerely,

BENJAMIN L. BROWN,
Deputy Under Secretary for Legislative Affairs.

INTERIOR DEPARTMENT OUTSTANDING SERVICE AWARD MADE TO OREGON MAN

Mr. HATFIELD. Mr. President, recently the Interior Department recognized the outstanding contributions made in energy conservation by the Bonneville Power Administration under its able administrator, Don Hodel. Hodel was presented with the Outstanding Service Award of the Interior Department.

While I know how widespread the efforts were throughout BPA to provide leadership in energy conservation, Don Hodel provided the catalyst in directing BPA efforts throughout the Northwest. I congratulate Don Hodel on this recent award, and I also thank the many other employees of BPA who contributed to the energy conservation efforts.

I ask unanimous consent that the announcement by the Interior Department be printed in the RECORD.

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

DONALD P. HODEL WINS INTERIOR'S OUTSTANDING SERVICE AWARD

Secretary of the Interior Rogers C. B. Morton has honored Donald Paul Hodel, Administrator of the Bonneville Power Administration, with the Department of the Interior's Outstanding Service Award.

James T. Clarke, Assistant Secretary for Management, made the presentation Friday (March 1) at the Bonneville Power Administration headquarters in Portland.

The award is the highest presented by Interior for executive accomplishment by a non-career Federal employee, Clarke said.

This is only the sixth time the award has been made and the Hodel presentation is the first for energy conservation. It was presented to Hodel in recognition of his leadership in developing a highly successful energy conservation program during the 1973 drought in the Pacific Northwest.

Many of the energy conservation actions developed then have since become models for the nation, Clarke pointed out.

As early as April 1973, Hodel outlined steps in curtailing nonessential electrical use in all BPA field installations. Joining with the General Services Administration, he made the once-brightly lighted BPA building a symbol of power conservation. Significant savings were attained through reductions in lighting, daytime janitorial and maintenance services, temperature regulation and careful operation of energy-consuming equipment.

Then came Toastmasters and Toastmistresses. These ardent public speakers became the nucleus of a corps of BPA speakers, including Hodel, who urged energy conservation before 124 school groups, service and civic organizations.

From July through December, 1973, internal BPA energy economies resulted in average power savings of 14 per cent throughout the Bonneville system, including an average 25 per cent cutback in the Portland headquarters building.

Based upon load forecasts, total savings in electrical energy averaged nearly 7 per cent throughout the Bonneville Power Administration service area in the September-December period. These voluntary efforts by all segments of the utility industry, augmented by heavy precipitation in late 1973, averted a serious power shortage, Clarke said in his citation. By late January, 1974, BPA and Northwest utilities were supplying large blocks of power to fossil-fuel deficient utilities in the Pacific Southwest.

CONTRASTING DEFENSE AND COMMERCIAL BUSINESS

Mr. McINTYRE. Mr. President, when the defense budget reaches the $90 billion level—which it has this year—we have increasing interest in how to do our defense business, whether we are doing it in the most effective way, and whether we can use business procedures to save the taxpayers money.

The April 1, 1974, issue of Aviation Week and Space Technology has an interesting editorial on this very subject by Mr. Brainerd Holmes, executive vice president of the Raytheon Corp.

Mr. Holmes, who has an extensive background both in government and industry addresses the marked differences between defense and commercial business as they impact on industry. I consider his views worth consideration and therefore, Mr. President I ask unanimous consent to print this editorial by Mr. Holmes in the RECORD.

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

CONTRASTS IN DEFENSE BUSINESS

The challenge of charting the path to truly cost effective system acquisition is formidable, but let us make a beginning by examining some of the differences—and similarities—between commercial business and the defense business to see if there are lessons to be learned.

Industry responds to its market. It responds differently to the commercial market than the defense market because the demand is not the same. There is indeed a fundamental difference in the process by which commercial products are conceived, developed, produced and sold as opposed to the cycle for a defense product. And there is no question but that the commercial product is brought to market in a more efficient and timely manner. Nor is there any question that the manager's approach is different for the two classes of products.

In the commercial arena he is on the offensive, driving toward simplicity, eliminating non-essentials, tailoring his product to the lowest cost that will meet the minimum requirement for a particular segment of the market. He has a wide latitude to make timely management judgments to accomplish this end.

Contrast this with the program manager for a modern weapon system. His product is designed to meet the most exotic threat; it is highly sophisticated and automated to compensate for unskilled or low-skilled operation and maintenance. The manager must spend untold manhours in justifying and defending costs, designs, systems procedures and even basic management decisions. Small wonder that this produces a defensive-minded manager. His drives are directed at meeting the specification. Involved decision and approval procedures introduce costly delays that negate savings, which timely implementation would have produced. In weapon system acquisition, we have built a system that tends to inhibit the managerial skills that we admire and respect in the commercial manager. And we pay a penalty—for this philosophy is not calculated to get the product to market at the lowest possible price.

Before I am accused of finger-pointing myself, let me hasten to say that our industry must bear with the military a share of the guilt for this self-defeating syndrome of over-speculation, over-control and over-involvement of the customer in the management of our business. Because of our fear of being eliminated from the competition if we take exception to unrealistic specifications because of our own desire to operate on the leading edge of technology and to produce the most sophisticated equipments, we have contributed to the proliferation of these wasteful practices.

I do not for a moment intend to suggest that we ignore the unique nature of the defense industry. It is different. Many of the requirements are absolutely essential to meet threat. They cannot be eliminated regardless of the cost. But we can define the threat, and we can determine what portion of our resources we can allocate to meet that threat, and we can design our product to do the job with the resources provided. We can because we must.

How?

Not by simply declaring that the defense market is just another market that industry can service as it does the commercial market. That would be disastrous oversimplification. We do have to maintain a capacity to produce minimum essential requirements for guns, ships, missiles, aircraft and other requirements for military readiness. We do have to maintain the facilities and the trained manpower essential to produce these necessary implements of our national strength. We do have to maintain a strong IR&D [independent research and development] effort to provide a future capability to meet the evolving threat. We do have to maintain a capability for viable competition that is the very lifeblood of our industry.

And to do so, we must recognize the peaks and valleys that are characteristic of our industry. We must bear the overhead associated with temporarily unproductive facilities that are vital to maintaining not only the competitive character of our industry but also the production reserve that supports our national strategy. Defense requirements are unique, and the Defense Dept. has a responsibility to maintain what is essentially a national asset—the broad base of capability that enables us to stay at the forefront of weapon development during peacetime and to be ready to produce all that is necessary in wartime.

All this is to say that the defense business is not, cannot and should not be run in all respects like a commercial operation. But we can borrow from the recognized strengths of commercial practices. Let's call a spade a spade. Our real problem stems from the desires on the part of both industry and government to extend the technical state of the art beyond what is necessary; to specify requirements which may never be encountered, and to protect against every contingency. That is a luxury we can no longer afford. In commercial terms, we are dedicated to a product the market cannot support. That spells disaster. In any terms, prudent management dictates that we reorient our thinking and our efforts to bring the product in balance with the market. In other words, to get the cost of the product down to a price the customer can afford. . . .

ROLE OF GOVERNMENT IN ENERGY CRISIS

Mr. TOWER. Mr. President, I ask unanimous consent to print in the REC-

ORD some remarks of Mr. Herman J. Schmidt, vice president, Mobil Oil Corp., on the role of Government in the energy crisis. These comments are most instructive, not only on what course the Government should take, but on what course the Government most certainly should not take.

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

GOVERNMENT'S APPROPRIATE ROLE IN ENERGY

(By Herman J. Schmidt)

It will not come as news to any of you that some of the media and some politicians have tried to make the large oil companies the scapegoats for the inconvenience and higher fuel prices recently experienced by the American people. These companies have even been accused of conspiring to create an artificial shortage of oil in order to raise prices.

It's not my intention today to answer these charges beyond saying that at least with respect to the company with which I am associated—and, I believe, with respect to others as well—the charges are totally false.

I would remind you that Arab oil-exporting countries last fall reduced crude oil production by an aggregate of close to 5 million barrels a day. Some of this massive cutback was later restored, but until early this week, production in those countries was still running 3 million barrels a day less than the Free World had expected would be produced.

No matter how efficient they may be—and they *are* efficient—no oil companies can make up that great a loss. Your thermostats have been set in the Middle East, and that is where the line at the service station forms. No amount of inflammatory rhetoric can mask that fact forever.

Rather than engage in sterile debate, I should like to address myself to what must be done to assure our country, long term, of adequate and secure energy supplies, and in the process, to answer the question. What is the appropriate role for the government in the energy industries? In doing so, I shall discuss primarily the petroleum industry, since it is the one with which I am most familiar and since crude oil and natural gas furnish about three-quarters of the energy consumed in this country.

What is the proper relationship between the private sector and the federal government? This is particularly pertinent when one reads and hears daily of proposals being advanced in Washington and elsewhere, that would change the very nature of the relationship under which the American economy has achieved such strength. I will touch on just two types of these various proposals, en route to sketching an affirmative role for government.

The first type would create a government company to find and produce crude oil and natural gas. The second would increase substantially the very considerable degree of government regulation already imposed on private oil companies.

Before discussing these proposals, I should like to sketch for you what I think it is that makes private companies uniquely useful. The United States attained the highest material standard of living in all recorded history through the free-market system which has added to our plentiful natural resources the critical ingredient that this system elicits in greater measure than any other—human resourcefulness.

In discussing the free-market system, I would hope that in this gathering we can dispense with the campaign oratory that tries to brand every successful industry as monopolistic, conspiratorial, and noncompetitive. Despite very occasional aberrations to the contrary, American business is indeed competitive, and this is particularly true of the oil business.

Competition forces business to operate at the lowest possible cost consistent with product quality and with decent wages and benefits. Competition also puts a ceiling on the price a business can get for its goods and services. It is that very ceiling that dictates the low costs. The only way to improve your margins is to reduce your costs. This is, in fact, what produces the profit.

It is profit that brings out supply. Any indication that profits are abnormally high tends to attract substantial new production capacity. This, of course, increases the supply. And that, in turn, lowers the price.

The least costly part of what you pay for a product is the maker's profit, because through that profit—which is usually modest—you get a person who watches the maker's costs. The consumer benefits from this cost-control as much as the producer does.

The beauty of the free-market system is its capacity to adapt to a changing world.

Provided it is not unduly interfered with, I believe this self-regulating mechanism will continue to work and serve the consumer well. Once government begins tinkering with the mechanism or with the profit motive, malfunctions develop quickly.

The cost of energy has recently risen dramatically, and in the longer term may increase still further. Even so, I am convinced that the free market offers the only proven way to ensure adequate supply and to minimize additional price increases.

In advocating free-market pricing for fuel, I recognize the burden which higher-priced energy places on the economically deprived among our people. To the extent that there is a serious adverse impact on the poor, we must not turn our backs on it. Dealing with it directly, however—by subsidy to them if necessary—rather than by a general distortion of fuel price levels throughout the economy, will prove the most effective and least expensive solution. Arbitrary price controls that delay the development of additional supplies will only aggravate the problems of the poor.

Against this backdrop, let us look now at the proposal to set up a federal government company to explore for and produce crude oil and natural gas on federal, state, private, and foreign acreage and, under certain circumstances, to engage also in transportation, refining, and marketing. The ostensible purposes of this company would be to provide additional energy supplies to furnish a yardstick for measuring the costs and profits of the privately owned oil companies; and to make those private companies more competitive.

Since a government company has no requirement to earn a profit in order to stay alive, it has no competitive drive for the heightened efficiency that reduces costs. I have never heard anyone suggest government as an example of efficiency or low-cost operations. There are, of course, those who say the great virtue of a government company is that it does not have to make a profit and indeed should not be permitted to. Those people do not realize they are saying a government company has little incentive to use tax dollars efficiently.

As for substantially increasing the supply of oil and natural gas, which involves lead times of up to 10 years, it is important to remember that a government oil company would be free from any real economic pressure to get on with the task of exploration and development. Private companies, on the other hand, are always under pressure for a return on their capital. Hence their drive to find oil and gas as quickly as possible, and to begin promptly bringing it to market.

Since the energy shortage is likely to be with us for years, it would defy all credulity to turn over the most promising 20% of U.S. government-held acreage—as is seriously being proposed—to a company with no experience, no demonstrated competence, and no pressure or incentive to perform. Assuming even reasonably prudent selection, the first 20% of the available acreage could represent significantly more than 20% of the prospective reserves. There is no better way to prolong the shortage.

Can anyone really imagine the government's giving such a company enormous sums of money year after year for high-risk operations, which is what oil exploration is? Few government oil companies anywhere have been successful risk-takers. Even if such a government oil company in our country did manage to find some oil, one has only to look at the U.S. mails to understand government's approach to efficient production.

Not only would this proposed government oil company begin life with first call on the choicest acreage. It would pay no bonus and no rentals on the acreage; no royalties and no taxes. It would enjoy lower interest rates on any borrowings than the private companies, because the taxpayers would be underwriting the loans. Such proposed treatment would make a farce of the yardstick argument, because there would simply be no comparability.

In sum, I submit, the proposal to set up a government oil company is totally without merit and almost sure to be counter-productive. Even more important than the millions that would be wasted is the precious and irretrievable time that would be lost.

This brings us to the second type of proposal, which would impose on domestically produced crude oil and on natural gas moving in *intra*state commerce the same sort of wellhead price controls now imposed on gas destined for *inter*state commerce.

We have learned over the years that the emergence of any shortage almost invariably brings cries for additional government regulation of one sort or another. Unfortunately, this is likely to worsen the very shortage it is instituted to remedy. Let us explore this point, because it is a crucial one.

One of the problems in evaluating government regulation is that "regulation" is an emotionally loaded word. To many it connotes some sort of fairness, a shield against exploitation, in the interest of the ordinary citizen. Yet our country has now had rather long, and not very happy, experience with regulation.

It is time, it seems to me, to base our attitude toward any additional government regulation not on a sort of wishful thinking, but rather on what experience shows us the results of regulation are really likely to be.

Investigations by growing numbers of scholars reveal that the results of past regulation have been so bad for those who were allegedly to be protected that we should be extremely hesitant about introducing any new regulation. This is not because we are anywhere near Utopia, but because of defects inherent in the regulatory process itself.

The perfect example of how government regulation in the name of the consumer tends to work *against* the consumer is what the Federal Power Commission has done with natural gas. The example is instructive and highly relevant to the proposal to regulate crude oil prices or, in fact, to regulate other industries.

In 1954, wellhead price controls were placed on natural gas destined for *inter*state transmission. Ever since then, the Federal Power Commission has focused its regulatory policies almost entirely on low prices to the consumer in the short term. It has ignored two elements at least equally important to the consumer in the longer term—adequacy and security of supply.

The F.P.C. set such artificially low prices for natural gas that demand for this clean-

burning fuel skyrocketed, while both the incentive and the means to find additional reserves of it plummeted. Today there is a serious and growing shortage of natural gas—precisely what we in the oil industry said 20 years ago, and ever since, was bound to happen.

Meanwhile, plans are under way to import liquefied natural gas from less-secure sources abroad at four to five times the laid-down price of domestic natural gas. Yet the geologists of this country are convinced there are substantial additional U.S. gas reserves awaiting discovery onshore when it becomes economically feasible to explore for them and offshore the East and West Coasts when those areas are opened to exploration.

I should think the moral to be learned from the sorry history of government regulation of the natural gas industry would by now be apparent to almost everyone. About the best way to prolong and worsen the energy shortage is through further regulation. Does anyone really believe we can run America's immensely complex industrial structure better by substituting regulation for the basic competitive forces that have served the consumer so well in a free market?

The types of proposals on which I have touched are only two among many being advanced in Washington for additional regulation of American business, particularly the petroleum industry. The thread that is common to virtually all of them is the illusion that they will ameliorate one problem or another. Yet over and over our nation's experience with regulation has shown that it is highly unlikely to produce any ultimate benefit for the consumer.

What, then, *is* the appropriate role for government in the energy industries? Should government simply do nothing? On the contrary, past government inaction at points where action was urgently needed has been a major part of the problem.

What is essential is a comprehensive national energy policy, to set goals and to create the parameters and the climate within which the private sector operates in our free-market system.

In the absence of such a policy, programs which could materially increase domestic energy supplies in both the near and intermediate term are being held up. The list includes further acceleration of federal leasing, particularly in the Outer Continental Shelf; immediate resumption of drilling on suspended leases; relaxation of natural gas price regulations, especially for newly committed supplies; and greater utilization of coal.

Only government can set forth national goals and work out the necessary compromises to reconcile conflicting interests and viewpoints. We must place the national interest in energy matters above regional or other special interests, and we must recognize the natural priorities among various energy sources. Only government can develop the ground rules under which private industry must work. Clearly, government has an important and affirmative role to play.

The policy we adopt must, among many other things, recognize the need for continued economic growth—not mindless, exponential growth, but reasoned and balanced growth to enable more and more disadvantaged Americans to attain a higher standard of living.

It obviously has to include such conservation goals as energy-efficient building standards and better public transportation. It also must comprehend the siting of nuclear plants, refining facilities, and deepwater ports, and the stockpiling of large quantities of crude oil at a feasible time. It should address itself to the development of an American-flag tanker fleet that could be competitive in world trade and could ease the balance-of-payments drain stemming from imports of high-cost foreign oil. Also, we must have a policy that will permit strip-mining of coal in areas where land reclamation is possible. It makes no sense to restrict any form of mining coal that is economic and at the same time to make large research expenditures on ways to liquify and gasify coal.

We clearly need a national policy on environmental tradeoffs. There is no irreconcilable conflict between a cleaner and more pleasant environment and adequate energy supplies to help people still struggling to work their way out of poverty. We must strike a rational and workable balance between unacceptable enivironmental risks and unacceptable economic risks. An adequate and secure supply of energy is not a discretionary matter for a country as dependent on it as ours is. We therefore must have a balanced policy that does not permit extremist approaches to environmental protection to delay for years progress toward achievement of our national goals on energy.

Having struck a reasonable and rational balance on that fundamental, we must then develop a timetable with quantified goals for such component elements as oil, natural gas, nuclear power, coal liquefaction and gasification, coal for direct burning with desulfurization equipment, oil from shale, and, in a longer time frame, energy from more exotic sources. In drawing up such a balance sheet, we should keep in mind the simple fact that in the time frame we are discussing here—and even beyond—conventional oil and natural gas will remain our primary energy sources. There is no viable alternative.

It would seem to me that joint industry-government task forces could be most helpful in developing such a timetable and in quantifying the goals for the various components. All of us, the government included, must be very sure that no important piece is omitted from this extraordinarily complex jig-saw puzzle.

In all of this, we will have to keep in mind a host of considerations. One of the first of these is the question of self-sufficiency. I personally do not believe that we should initiate a crash effort to attain 100% self-sufficiency in energy, certainly not within any brief span of time such as 10 to 15 years. I cannot say whether our goal should be 80% or 90% self-sufficiency or just what, by 1990 or whenever, but I suspect that the cost of 100% self-sufficiency could be prohibitive.

Even if we could assume that the construction labor and the materials and the technology would be available, the massive capital programs required to achieve complete self-sufficiency in the near term could put heavy upward pressure on interest rates. They could drain off capital urgently needed in other critical areas of the economy. The physical environment might be seriously damaged. Nor do I think we should even appear to be retreating into an economic Fortress America. Since no human endeavor can be made completely risk-free, I should think we would be willing to rely on imports for some modest portion of our energy needs.

At the same time, we must minimize the risks created by unnecessary uncertainty as to our government's policies. The value of constancy and consistency can hardly be overestimated. They are essential to the business planning that is a prerequisite to the unprecedently large research programs and capital expenditures mandated by the situation.

A consistent energy policy will provide the basis for sound assumption as to future prices and costs—so important if we are to come to grips with the insurance aspects of a national energy policy: How much are we as a nation willing to pay to become largely independent of other countries with respect to energy? We shall surely have to face up to that question before we undertake the high-cost technology that may make our energy supplies more expensive than those of, say, Western Europe or Japan—more secure, to be sure, but possibly higher in cost.

The United States has the natural resource base, the work force, the technical skills, the management, and the organization to meet our future energy needs. I would guess that we can raise the huge amounts of capital required. But in the last analysis, it is the rate of return on capital in the energy industries that will determine whether the job gets done. Energy prices must cover prospective costs, and government regulation of the marketplace must be held to the minimum. It will not be possible to provide the country's long-term energy requirements if the market is distorted by restrictions imposed in an effort to solve or ameliorate short-term problems.

What is going to be critical is the sort of flexibility, resourcefulness, dedication, and risk-taking that have long characterized private oil companies around the world. The preeminent contribution that responsible government can make is to nurture and strengthen those qualities in every conceivable way; to make sure that adequate rewards await those who earn them by serving the public well; and to abandon the attachment to regulation for the sake of regulation.

I urge that we Americans not act as the instrument of our own torture. Applying this specifically to the subject of my talk today, I am saying, Let's not muzzle the strongest weapon in our arsenal—the privately owned oil companies.

Unless we assure ourselves of the energy required to sustain the well-being of the American people, no arms or armament can assure the nation's security, nor can social programs of whatever nature assure its stability. If we give up the campaign oratory and the search for scapegoats, if we take a responsible approach and a long, realistic view, we as a nation *can* solve our energy problems. The time to begin is now.

JOEL L. OPPENHEIMER NACV'S MAN OF THE YEAR

Mr. HARTKE. Mr. President, this past Friday marked the closing of the seventh convention of the National Association of Concerned Veterans—NACV—in Rochester, N.Y. This group of Vietnam veterans, founded in 1968 has grown from 130 chapters to over 200, representing 57,000 members. This is an impressive record of growth, all the more so because NACV has overcome a number of obstacles that other organizations, in less dedicated hands, might have found insurmountable.

Over the last 7 years only one individual has been acknowledged as NACV's "Man of the Year." Friday in Rochester, the delegates to the seventh convention recognized Washington tax lawyer, Joe L. Oppenheimer as NACV's Man of the Year. This distinguished award follows on the heels of the recent approval to grant NACV tax-exempt status under section 501(c)(19) of the Internal Revenue Code.

As chairman of the Senate Committee on Veterans' Affairs, it is my pleasure to commend Mr. Oppenheimer for helping to dignify the sacrifices that our Vietnam veterans made during a period of unpopular conflict in Indochina. Mr. Oppenheimer's efforts to strengthen the NACV's effectiveness took months of legal research which culminated in making the NACV the first veterans organization to qualify under this new IRS ruling. His unceasing efforts and undying faith

in the NACV brought a decision by the IRS favorable on all points.

Because of his dedicated support, this young veterans group can now receive tax-exempt contributions from all segments of society both public and private to continue their efforts for the 7 million Americans who served during the Indochina war.

ENERGY RESEARCH AND DEVELOPMENT

Mr. BROCK. Mr. President, there are currently before the Government Operations Subcommittee on Reorganization several pieces of legislation proposing alternative structures to manage energy research and development in the coming years. Testimony has been received in hearings which indicates, I believe for the first time, the extensive work and preparation which the AEC has in in preparing this Nation for the nuclear age. Many Americans are concerned and want the answers to such questions as "why can't we go to a fusion stage and skip development of fission?"; "Is nuclear the only option?"; and, "Where will new technologies be bred to minimize the risk of counterproductive energy policy actions?"

For the first time, in one place, an individual responsible for this effort has had the courage to attempt to answer these questions. Chairman Ray's testimony is not only good reading but must reading for all those legislators who will decide the path of our energy legislation. For that reason, I ask unanimous consent to print her testimony in the RECORD directly after my remarks. I would also like to express my appreciation to Senator RIBICOFF, chairman of that subcommittee for as comprehensive and well-balanced a set of public hearings on an issue as I have experienced.

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

STATEMENT OF DR. DIXY LEE RAY, CHAIRMAN OF THE U.S. ATOMIC ENERGY COMMISSION BEFORE THE REORGANIZATION, RESEARCH, AND INTERNATIONAL ORGANIZATIONS SUBCOMMITTEE OF THE GOVERNMENT OPERATIONS COMMITTEE, U.S. SENATE, ON S. 2744

This is the third time that I have had an opportunity to testify before this subcommittee on the Administration's proposals for reorganizing Federal research and development programs on energy systems. During the last six months there have been a number of dramatic developments in the energy picture which have caused us to re-examine our assumptions and goals, but one fact has remained clear: an effective solution to the energy problem facing this nation depends upon the creation of a coodinated, well directed, and efficient energy research and development program at the Federal level.

In my last appearance before this subcommittee on December 4, 1973, I explained why the Atomic Energy Commission strongly supports S. 2744, which provides for an Energy Research and Development Administration and a separate Nuclear Energy Commission. Nothing has happened in the intervening three months to cause the Commission to alter its views on the importance of this legislation. For this reason I welcome this occasion to explain why we need these two new agencies and why we believe that the AEC structure, with its administrative experience and talented laboratories and contractors, can provide the essential core for an effective ERDA.

NATURE OF THE ENERGY CRISIS

No edition of a daily or weekly newspaper, no copy of a news magazine is complete without a column, comment, or speculation on the energy crisis.

The fuel shortage we are experiencing is truly a problem of worldwide dimensions. In the long run we may well be fortunate that political developments have forced the crisis upon us a decade or more before it would have otherwise arrived. We can now see that the energy shortage was inevitable. Some shortsighted optimists would have us believe that shorter gas lines and more fuel oil in a home heating system constitutes "happiness." But at best that is a transient happiness. We all know that our fossil fuel sources are limited, especially in such convenient forms as oil and natural gas. We also know that dependence on foreign sources can subject us to a form of political blackmail. Lifting the oil embargo will serve only to make us more comfortable in the "intervening years," after which we will either face a yet more serious crisis or become self-sufficient.

The energy question is readily divided into two distinct but overlapping problems. First, what can we do now—in the immediate future and over the next 2–5 years—to provide the fuels necessary to avoid an economic recession or physical hardship? And second, how can we reduce our reliance on fossil fuels by developing alternate energy sources without losing the many real advantages that modern civilization has to offer?

In the first category fall the many initiatives now being taken or planned by the Federal Energy Office under the able leadership of Bill Simon. Efforts to cut back on consumption and to conserve such fuel as we have available are already producing results. The President has proposed a courageous plan designated "Project Independence." The plan is to use presently developed technology and known processes to increase our domestic fuel supplies. This important program is also a responsibility of the Federal Energy Office.

There are other ways of improving our energy situation. Working with private industry, the Federal Government should consider encouraging private industry to develop new energy systems through financial incentives such as guaranteed prices for energy produced, loan guarantees or direct loans, and priority allocations of resources such as construction materials. Implementation of these proposals could result in substantial production of coal, synthetic fuels—both gas and liquid—and oil from shale.

The real problem is the long-term one. While providing for today's needs, while making sure that the wheels of industry keep turning and our industrial economy remains strong, we must not let short-term responses blind us to the crucial necessity of beginning NOW the greatly expanded research and development effort that will eventually lead us out of the fossil fuel age. One way to reach this goal is detailed in the report "The Nation's Energy Future," which I presented to President Nixon at his request on December 1, 1973. The organization that will make it possible to accomplish the objectives of that report is that proposed in S. 2744: the Energy Research and Development Administration.

THE NUCLEAR ENERGY COMMISSION

I intend to direct most of my remarks today to the need for ERDA, but first I would like to mention the importance of the Nuclear Energy Commission proposed in S. 2744. The bill provides that the Atomic Energy Commission itself as well as certain elements of the staff would be established as an independent regulatory agency to be called the Nuclear Energy Commission. Reconstituting the AEC as NEC would be the final step in a process which has continued over a period of years to separate the operational and the regulatory functions of AEC. During the early years in the development of nuclear technology and the nuclear industry it made sense to integrate the operational and regulatory functions in one agency so that we could be certain that the new regulatory procedures being established fully protected the public against the potential hazards of a new technology. Now that both the industry and the technology have matured, we believe that the time has come to separate these two functions. Creation of a separate Nuclear Energy Commission will mean that one Federal agency will be able to devote all of its attention and its resources to the regulation of nuclear activities. The obvious importance of this function in our opinion fully justifies the provisions of S. 2744 establishing the NEC.

There is much more that should be said about the need for the proposed NEC. Commissioner Doub is present today and is prepared to discuss this subject in greater detail.

WHY ERDA?

The energy crisis has spurred many Federal agencies to suggest promising research and development projects. The intent of these proposals has been laudable, but the result has often been confusion. It is difficult to determine whether such proposals really augment the Federal effort or merely duplicate existing projects. And it is almost impossible under present circumstances to evaluate similar projects sponsored by different agencies. There has been some success in assigning lead responsibilities for certain kinds of research and development to one agency, but decisions of this nature can at best be temporary—pending the establishment of an integrated energy research and development program for the nation.

In many instances more than one agency is working on the same problem. Obviously coordination becomes difficult, but there are more subtle obstacles to successful development under these circumstances. Often the major responsibilities of a sponsoring agency will divert the research and development program from the main objective in terms of energy to peripheral considerations. This diffusion of responsibilities and fragmentation of leadership mean that we are not mobilizing our resources in the most efficient and effective manner. There is a temptation to capitalize on "visible" short-term payoffs at the cost of longer-run solutions. A series of short-term solutions will not meet the long-term need. Only by bringing all these projects under one research and development agency can we be sure that long-term objectives will be pursued.

The Energy Research and Development Administration described in S. 2744 provides a logical structure for organizing a research and development effort of the massive size and diversity required to provide the energy systems we need. ERDA would assure that alternative energy systems really have an opportunity to compete at the Presidential level for available resources. The kind of centralized coordination which ERDA would provide is essential to rational management of energy research and development.

Good management will require careful attention to a wide range of social and economic issues related to energy development. These include such diverse matters as the environmental concerns of the Environmental Protection Agency, reactor safety requirements of the proposed Nuclear Energy Commission, policies of the Department of Transportation, and resource management programs of the Department of the Interior. ERDA would have some impact on the activities of these and other agencies. But more important, ERDA would be in a position to respond effectively to the interests and concerns of these agencies in a way

that is not possible at the present time. ERDA would be able to work with other agencies in formulating appropriate research and development strategies and budgets. ERDA would offer an independent, objective assessment of R&D needs. It would not be "captive" of any particular persuasion. Rather ERDA would be in a position to formulate policy and budget issues in a form that would be amenable to resolution at the Executive Office level. There is a compelling need today for an agency like ERDA, which can provide a prompt and flexible response to rapidly changing conditions in energy technology.

ERDA: A BALANCED ORGANIZATION

I have stressed the importance of balance in our approach to energy research and development. Without balance, we cannot be certain that the most promising energy systems will receive the support they deserve. The Administration recognized this need in drafting the original legislative proposal on which S. 2744 is based. Under the bill, ERDA would include personnel from both AEC and the Department of the Interior. It would draw upon the resources of these agencies and on those of the National Science Foundation and the Environmental Protection Agency.

There has been some concern expressed, however, that AEC, as the major component of ERDA, would dominate the new agency. If in fact ERDA were dominated by former AEC personnel, would there not be some danger that ERDA's programs would be biased in the direction of nuclear systems? In the opinion of some people, such a tendency would be especially unfortunate because they believe that AEC has not demonstrated the technical and administrative capability needed to form the core of ERDA.

Let me speak first to the question of nuclear bias. As I see it, there are at least four barriers to this kind of distortion in ERDA. First, there is no reason to believe that ERDA would be dominated by the present leadership of AEC. Under the bill, the ERDA Administrator and the Assistant Administrators would be appointed by the President with the advice and consent of the Senate. In proposing and confirming individuals for these positions, the President and the Senate will have an opportunity to provide the kind of balance required.

Second, the ERDA organization proposed in S. 2744 assures that each major energy system under development will have equal access to the Administrator and an equal voice in decisions. Fossil Energy Research and Advanced Energy Research would have their own Assistant Administrators with the same stature and authority as the Assistant Administrator for Nuclear Energy Systems.

Third, the organizations that would be transferred from AEC to ERDA have an established history of pursuing research projects which go well beyond the formal limits of nuclear research and development. Since 1971 AEC has been authorized to support research and development on energy systems other than nuclear, and the AEC's laboratories have made an impressive record in performing energy-related research for other Federal and state agencies.

Finally, the Congress in chartering ERDA and in appropriating funds will have a strong hand in determining the scope and direction of ERDA activities. S. 2744 itself recognizes the vital importance of all areas of energy research and development and the need to devote appropriate attention to each of them.

I am convinced that the four points I have just mentioned provide adequate safeguards against the dangers of nuclear bias.

AEC: A NATIONAL RESOURCE

I would like to say a few words about the second concern—that AEC does not have the technical and administrative competence required to form the core of ERDA. Let me say emphatically that the reverse is true—that AEC represents the kind of resource, both in talent and experience, that is essential to the success of an agency like ERDA. In fact, the concern of some people about nuclear bias probably stems from a realization of the exceptional capabilities of the AEC in energy research and development.

There is another contradiction inherent in some of the reservations that have been expressed. Some people find it possible to praise the genius and capabilities of the AEC laboratories while denying the effectiveness of AEC management. Such a position is as logical as praising the coordination and performance of a body while denying its head. The AEC laboratories deserved great credit for their accomplishments, but they would not be the strong and effective institutions they are today without the direction and management they have received from the AEC. Furthermore, the breadth of their capability arises from the basic facts of life and matter: the study of atomic energy involves the most fundamental understanding of scientific knowledge.

The AEC and its laboratories are staffed by scientists and engineers representing every conceivable discpline. During FY 1973 there were about 8,500 scientists and engineers employed at AEC's seven multipurpose laboratories. Information on personnel, programs, and capabilities of the laboratories are contained in the book "AEC Reseach and Development Laboratories—A National Resource" which we wish to submit for the Committee's information. The AEC laboratories are "interdisciplinary" and the broad range of disciplines represented are required for nuclear research and development. In fact, many of the problems the laboratories encounter are not unique to nuclear projects. Nuclear energy is the end product, but the talents and resources used extend far beyond the nuclear disciplines.

The AEC and its laboratories are project oriented. They have the skills, facilities, and goal orientations necessary to address a broad spectrum of problems. In addition, they have extensive field experience in demonstrating the feasibility of new technologies, many of which have resulted from close cooperation with industrial partners. We must understand that the skills and relationships developed in AEC projects represent a rare and virtually irreplaceable national resource. It has taken more than thirty years to develop the combination of governmental and scientific institutions which make up the AEC enterprise today. AEC and its laboratories offer to the nation an administrative and technical structure which has proven its ability to translate highly sophisticated scientific and technical data into practical engineering systems.

THE BREADTH OF AEC RESEARCH

Many people are not aware of the breadth and diversity of the AEC's research and development programs. These two attributes of the AEC program speak directly to the questions of nuclear bias and technical capability.

Many of the AEC's large, ongoing programs are not predominantly concerned with nuclear subjects. For example, the essential questions in controlled thermonuclear research and concerned with the physics and engineering aspects of plasmas, including the solution of the problems of superconducting high voltages with high efficiency. The major problems in laser fusion to date concern lasers and optics. The lasers being perfected in AEC laboratories have a wide variety of uses, such as for welding a detached retina to the eye.

Many examples of AEC work which is not uniquely nuclear occur in the areas of health effects, materials, and testing. The AEC is providing extensive support for studies of the effects of radiation on the biosphere. Especially important have been developments in the science of assessing the impacts of such releases. The techniques developed are equally applicable to the study of other pollutants. For instance, we have developed mathematical models for predicting the transport of radioactivity through the atmosphere and aquatic pathways. Equipment has been developed to detect emissions and to analyze cellular effects. In fact, one of the first uses for a cell analyzer developed by the Lawrence Livermore Laboratory was to perform field analyses of industrial pollutants for the Environmental Protection Agency.

Most nuclear research programs require specialized materials—metals, ceramics, plastics, and others, such as modern composites. Often these materials are not commercially available and must be developed for specialized applications. These materials have found their way into a variety of commercial uses. But it is not enough to develop new materials. Research on their properties and guarantees of integrity over an expected lifetime are necessary. Nowhere else is there accumulated the range of equipment for testing and fabrication as is found in the AEC's laboratories.

An important capability developed in AEC research on health and materials has been new skills in tests for reliability. The quality control required in nuclear work, whether we are discussing reactors or weapons, far exceeds that of most other technologies. A sophisticated science has evolved around testing capabilities. These range from electron microscopy that reveals flaws on scales approach the diameter of the atom to large machines that test structures up to millions of pounds. The AEC laboratories developed many of the techniques that are only now being introduced in commercial applications.

Even more important, they can be applied directly in the various kinds of research and development which ERDA would perform—on fossil, solar, and geothermal energy systems as well as nuclear. ERDA would make it possible to translate these nuclear skills to the much broader area of general energy research. The establishment of ERDA would enable us to build up and expand research and development on these nonnuclear energy systems, which have been too long neglected in the past.

THE FACTS ABOUT NUCLEAR POWER

Before closing I would like to say a few words about the charges which a small but vocal minority has leveled in recent months on the Commission's nuclear power program. I am not referring to the constructive suggestions which we continually receive from responsible critics but to the "shot-gun" attacks by those who are attempting to turn public opinion against nuclear power in any form. Unfortunately, in attacking AEC, these individuals sometimes give the appearance of discrediting the kind of forward-looking research and development program which is needed to meet our energy needs. So I think it is important today to set forth the essential facts. Among the AEC staff present you have a number of experts who can discuss the details.

There have been *claims* that nuclear power plants are dangerous. Here are the *facts:* nuclear power plants do emit radiation, but how much do they emit in comparison with other things? The estimated annual whole-body radiation received in the United States in 1973 was:

Source:	*Millirems*
Cosmic rays	44.0
Rocks, soils, and building materials	40.0
Internal body sources	18.0
Global fallout	4.0
Occupational activities	2.6
Medical activities	75.6
Total	184.2

From nuclear power we each received 0.003 millirems in 1970, and 0.425 millirems is projected from nuclear power in the year 2000.

We also know that radiation can cause cancer. Just how this happens is not completely understood, since at low exposure rates the effects may be much less proportionally than at high exposure rates. On the assumption that the rate of exposure does not affect the cancer-producing potential, Ralph Lapp has estimated an upper limit to the cumulative death attributable to radiation-induced cancer up through the year 2000. There would be 200,000 deaths from natural background radiation; 100,000 from medical X-rays; 7,200 from jet airplane travel; 6,800 from weapons fallout; and 90 from nuclear power plants. The total estimated cancer deaths from all causes over the same time period would be 20 million. So nuclear power plants do represent some measurable risk, but it is insignificant when compared with other causes of cancer.

Another objection is that nuclear power plants may have accidents. We believe that the care taken in design and operation ensures that the chances of a serious accident happening at a nuclear plant are very small. But how can we quantify this risk? About a year and one half ago the Commission set up a group of scientific experts to study this question. We were fortunate that Professor Norman Rasmussen of MIT agreed to direct this study. He is available today to answer your questions along with Dr. Herbert J. C. Kouts, our Director of Reactor Safety Research. I will defer to them for details, but I believe the risks from nuclear power plants are acceptable in comparison to the other risks society has demonstrated a willingness to accept.

Another claim made about nuclear power plants is that they are unreliable and uneconomical. In answer to that objection I can state that the cost of power produced from a representative number of fossil fuel plants in 1972 was 10.3 mills per kilowatt hour. For nuclear power plants the corresponding costs was 8.1 mills per kilowatt hour. As for reliability, large fossil plants were available to operate 73.5 percent of the time during the period of 1960–1972 and nuclear plants were available 74.4 percent of the time. The Commonwealth Edison Company has reviewed the availability of its plants in 1973 and found that the new fossil plants were available 69.1 percent of the time and its new nuclear units had an availability factor of 80.8 percent.

It also has been charged that the AEC does not provide adequate assurance against the theft of nuclear material from nuclear plants or while in transit. I consider the safeguarding of special nuclear materials against diversion from peaceful to weapons uses one of our most important responsibilities. The Commission does not take this matter lightly. The discussion of AEC safeguards against deliberate acts of nuclear destruction is frequently blurred by excessive over-simplification. The public has a right to be assured that there are adequate and effective safeguards against attempts to steal the material from nuclear plants or in transit. Our people also have a right to be assured that these safeguards are efficiently carried out—that the regulations are responsive to the problem rather than just a reaction by an agency seeking to avoid criticism. During 1973 significant improvements were made in AEC regulations as a result of our continuous analysis of present and potential threats. We are spending $6 million this year for research and development on safeguards. This is in addition to more than $45 million we are spending for guard forces and protective measures at the plants and in transit. We consider this adequate to meet the present threat. Of course, we can make improvements and we will. We have studies underway to strengthen our safeguards to meet the changing levels of threat.

These are a few of the charges leveled by our critics. Many are responsible persons with legitimate concerns. We welcome constructive criticism. But too often our critics are individuals who rely on reckless overstatements to make their points. They speak without having the credentials to back their assertions, and few listeners ask to see their credentials. They are not questioned about their lack of specifics to back up their generalizations. The charges of these critics should be evaluated in the larger context of the real world and accorded the hearing they deserve. Whether our critics are responsible or otherwise, the Atomic Energy Commission will continue to be open to the public, both in terms of accepting public criticism and providing all the facts. To do less would be to shirk our responsibility as a public agency.

I am not here today to apologize for AEC's actions in the past; nor am I complaining about not being understood. But I think it is vitally important that we set the record straight. It would indeed be a tragedy if the sort of spurious and irresponsible criticism I have mentioned today should prevent us from seizing the extraordinary opportunity which S. 2744 offers us in advancing the national welfare. We believe S. 2744 charts the course we should follow in pursuing our goal of energy self-sufficiency, and we commend this subcommittee for its perseverance in seeking that objective.

OREGON BOTTLE BILL

Mr. PACKWOOD. Mr. President, on March 28, 1974, an article concerning the Oregon beverage container law appeared in the East Oregonian, a daily newspaper based in Pendleton, Oreg. This article points out results of a study undertaken on the effects of the Oregon bottle bill. This study, interestingly enough, indicates far fewer severe effects on industry than industry maintained there would be as a result of enactment of the so-called bottle bill. As I continue to receive reports on the beneficial impacts being realized under Oregon's new law, I am further convinced that the Senate would be acting with great foresight in moving to adopt sound beverage container legislation. The Oregon law has been very successful, and many States are looking to Oregon for guidance and leadership as they pursue similar measures. Oregon has been in the forefront in the push to cut down on beverage container litter, as it is similarly out in front in most other drives to clean up our environment. I think, then, it is only fitting that Oregon's Senators should be the ones to introduce beverage container legislation on the national level, and I am pleased and proud to be a cosponsor of the measure Senator HATFIELD introduced in June 1973, the "Nonreturnable Beverage Container Prohibition Act." Hearings are expected very soon on this measure, and it is my hope that, given the very positive effects of the Oregon law as reported during the course of its first year and thereafter, my colleagues will see fit to enact Federal legislation at the earliest possible date.

Mr. President, I ask unanimous consent that the East Oregonian article be printed in the RECORD.

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

ECONOMICS OF THE BOTTLE LAW

A couple of university business professors have studied economic effects of Oregon's bottle law and have concluded that the law hasn't done the severe damage to the container industry and grocery store that was predicted by some.

The bill, which was opposed by businesses dealing with beverage containers, requires a mandatory deposit of five cents on all embossed or specially shaped bottles and on cans of carbonated beverages and beer. It puts a two-cent deposit on refillable bottles used by more than one beverage producer.

Professors Charles Gudger and Jack Bailes, of Oregon State University, point out that the law has reduced bottle and can waste considerably (88 per cent), which has been reported widely. They then give this economic rundown:

Savings in trash handling and clean-up costs—$700,000.

Losses in profits to can and bottle manufacturers—$614,000.

Rise in operating costs of beer distributors—$589,000.

Rise in operating costs of retailers—nearly $3 million.

Savings to malt beverage brewers and pop bottlers because of reusing containers—$8 million.

Effect on total business income—a gain of almost $4 million.

Employment—decreased in container manufacturing and increased in other sectors, with net gain of 365 jobs.

VIETNAM VETERANS AND EDUCATIONAL ASSISTANCE BENEFITS

Mr. HARTKE. Mr. President, on Wednesday and Thursday of this week, the Committee on Veterans' Affairs, which I am privileged to chair, will continue hearings concerning readjustment assistance for Vietnam veterans. While almost all agree that considerably more must be done, the issues before the committee are complex and not susceptible to easy solutions. We are confronted not only with fiscal realities but also with the problems of determining an equitable system capable of being administered which is substantially free of abuse. Some of the complexities and the equities involved were spelled out in two articles appearing in yesterday's papers. I commend them to my colleagues and ask unanimous consent that they be printed in the RECORD.

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

[From the Washington Post, Apr. 7, 1974]

ARE VETS' BENEFITS ADEQUATE?

(By William Greider)

There's an established tradition in America that, in between wars, people argue about how the country is treating its old soldiers.

Donald E. Johnson, a World War II vet himself and former national commander of the American Legion, blistered public indifference toward the veterans in typical rhetoric, designed to provoke patriotic guilt.

"They believe they are forgotten men, fighting to halt aggression halfway round the world and receiving little or no recognition for it," Johnson complained.

That speech was in 1953 and the vets were from the Korean War. Now there is a new generation of "forgotten men" from the Vietnam. And Donald Johnson, as President Nixon's chief of the Veterans' Administration, is catching the flak about how they are treated.

Last week, for instance three national veterans' organizations, an influential congressman and a senator called for Johnson's ouster as head of the VA. They accuse him of crippling both educational and medical pro-

grams, and blame him for problems ranging from poor care at the VA's 170 hospitals, to late benefit checks for the 1.5 million Vietnam vets who are going to school on the GI bill.

"The present GI bill system," the Vietnam Veterans Center proclaims, "violates the intent of Congress and denies education and training to millions of needy Vietnam era veterans."

Yet Donald Johnson says, in so many words, that U.S. veterans never had it so good. The government is spending $13 billion a year on them now, an enormous increase over the last few years, and they are using the programs—from educational aid to home loans—in record numbers.

The VA asserts: "The average Vietnam veteran attending a four-year public or a two-year public institution has educational benefits slightly higher than his World War II counterpart when adjustments for changes in the Consumer Price Index are made."

So, for veterans, it is either the best of times or the worst of times, depending on whom you listen to. Which one is right?

The answer is complicated because, in some respects, they are both right. For millions of young men home from Vietnam, the GI bill today gives them everything their fathers got when they came home from World War II and maybe even a little extra. Yet for another group of today's veterans—especially the poor, especially the young married men—it's not such a good deal. A lot of them—millions of them—are not going to school because today's GI bill doesn't pay the bills the way it did a generation ago.

To understand the arguments on both sides, you have to go back to the heady fanfare which greeted the homecoming GI's after V–J Day in 1945. In its patriotic fervor, Congress had already enacted the GI bill, an unprecedented plan to help the veterans of World War II—low-interest home loans, temporary housing, cash supplements during their first year of adjustment and, most important, an educational aid program which helped to revolutionize higher education in America.

Every veteran could go to school anywhere he chose and the government would pick up the whole tab for books, fees and tuition, up to $500. Even with the postwar inflation, $500 would buy the best education in America. Harvard's enrollment in 1947 was 59 per cent veterans. The money went directly to the schools and each veteran, if he was single, received $75 a month for his living expenses, slightly more if he had a family.

The plan worked so well, opening doors for so many young Americans who would never have dreamed of a college education, that it is fondly remembered as an important social equalizer, a chance for millions to raise their economic status.

Yet VA officials had a different memory burned into their collective consciousness—a national scandal. In 1950, congressional investigators discovered that a lot of schools and colleges were getting rich on the vets, jacking up tuition rates to collect more from the government treasury.

One college increased its charge for vets from $25 to $100 per quarter. Another raised its rate from $15 to $100 per quarter. Another raised its rate from $15 to $200 though its cost per student averaged $65 after its other federal aid grants were deducted.

One state military school collected from both the state government and the VA and then paid cash bonuses to its students when they graduated. Some colleges built fancy stadiums, thanks in large part to the GI bill.

As it happens, that 1950 investigation was led by Rep. Olin Teague (D-Tex.), former chairman of the House Veterans Affairs Committee and still its ranking Democrat. The experience persuaded Teague that university administrators couldn't be trusted with direct tuition grants. It absolutely traumatized the VA bureaucrats. Never again, they said.

The system was changed for the Korean conflict veterans. Instead of direct payments to the schools, each vet would get a monthly allowance which was supposed to be large enough to cover his tuition and his living expenses.

That approach is under attack now as inequitable and terribly inadequate for millions of veterans. Some senators and congressmen (though not Teague) are pushing legislation which would create a tuition supplement, up to $600, depending on the cost of a veteran's particular school.

The Vietnam vet, if he is single with no dependents, receives a monthly check of $220—or $1,980 which has to cover his tuition, books, fees, and nine months of rent, food, and so forth. Obviously, that won't get you into Harvard where tuition, room and board will cost $5,700 next fall. Harvard had 1.5 percent veterans in its 1972 enrollment.

But it also won't get you into Slippery Rock State College in Pennsylvania, which will cost $2,350 next fall, or scores of other private and public institutions where the price of higher education has skyrocketed. NYU had 14,359 vets in 1947—last year it had 463.

Congress has raised the education allowance twice in the last five years, both times over objections from the VA and the White House. The House recently passed another increase of 13 percent and Senate leaders are thinking of an even bigger figure, though the Nixon Administration wants to hold it to an 8 percent increase.

Overall, the VA insists that current participation under the GI bill is better than it ever was before. Approximately 51 percent of the Vietnam era's 6.5 million veterans have used the aid for some kind of schooling (24 percent of them went to college). That compares to 42 percent participation after the Korean war and 50 percent for World War II vets (when 15 percent went to college).

The trouble with that comparison, according to the critics, is that Vietnam vets are coming home to a different world—where college education is not so rare. In 1940, only about seven percent of Americans, age 25 to 29, had been to college. By 1970, that group had nearly tripled in size. Thus, the World War II vets were breaking the national pattern and reshaping it. The Vietnam vets are more or less following it.

But the major complaint is that current system of monthly checks serves veterans in a discriminatory way. If he lives in a state like California where public education is virtually free, the $220 a month is a good deal. Even if he is married with children, he may be able to manage it. Even if he is poor.

But if he lives in a state like New York or Ohio or Indiana or Pennsylvania where even public schools charge some stiff fees, his opportunities go way down, especially when the local job market is so tight he cannot find parttime employment. California, which supports a large system of junior colleges as well as four-year colleges, has the highest college participation rate among its veterans—37 percent. In Indiana, it is 4 percent.

"The GI bill is adequate," said Forrest Lindley, one of the young vets lobbying for improvements, "only if you are a single vet going to a public school in a low-tuition state."

For instance, two-thirds of the Vietnam veterans are married, but only about one of seven of them is using the GI bill. Lindley and others also argue that on a strict dollar-for-dollar comparison the maximum World War II benefits equal about $3,800 in current dollars compared to the $1,980 in allowances provided today. Vets are also more likely to use the GI bill if they were already in college before the war—suggesting that middle-class vets are cashing in more easily than the poor.

The VA turns the question around, however. By looking only at those who are using the GI bill today, most of whom are going to public low-cost schools, it concludes that a slight majority of them would actually lose if the government returned to the old system. For instance, the old $75 allowance translates into about $166 a month in today's dollars. A Vietnam veteran who is now getting $220 a month (and who attends a tuition-free school) gets a little more cash.

But what about the millions who aren't going to school? Or those who just happen to live in states where public education isn't so cheap? The reformers are pushing a "tuition equalizer" which would help them—a government voucher for tuition costs over the national average of $400 but limited to a ceiling of $1,000.

That still wouldn't get many veterans into Harvard, but it would open up a wide number of public and private colleges, especially in the Midwest and East, which are now too dear for someone trying to live on GI benefits. There are companion proposals too, such as an "accelerator" provision which would allow married vets to use up their entitlement faster and get more cash each month.

The VA opposes those measures. So does Rep. Teague. In terms of choice, they would agree that today's veterans can't afford the more expensive schools which were open to vets after World War II. But then neither can the non-veterans. College enrollment has shifted heavily toward public institutions because of soaring tuition, a trend which the VA doesn't see as especially harmful.

Likewise, they concede that the present system creates some geographical bias. A Pennsylvania vet has money problems which don't confront a California vet.

"There's no pretense," said Meadows, "of the program being designed to meet all the peculiar problems of the individual. It's designed to provide equal benefits for equal service."

The critics argue that the principle is a sham when so many veterans can't buy the same educational services with their "equal benefits." Yet, as Meadows argues, if Congress does provide tuition supplements for states which don't provide low-cost public schools for their young, is that fair to states like California which do?

"You're not going to shovel out $600 to high-cost schools in Pennsylvania or New York without the others wanting the same thing," Meadows warned.

Congress will have to answer that question if it goes for the tuition plan this year. Meanwhile, it will be fighting the Nixon Administration over Donald Johnson's management of the VA as well as on the basic issue of how much benefits should be increased to keep up with inflation. The old soldiers won't be forgotten, at least for a while.

[From the Washington Star-News, Apr. 7, 1974]

TOO LITTLE HELP FOR VIETNAM VETS

There was a certain emptiness in the first Vietnam Veterans Day, observed recently by proclamation of President Nixon, and the reason is obvious enough: The gap between promise and fulfillment, regarding this country's obligation to those veterans, can only bring on a feeling of shame considering the awful sacrifices of that most unpopular war. It is right to pay tribute, as the President did. It is more important, though, to pay cash, for all the benefits—the unlocking of opportunities—that many of these ex-servicemen need so desperately.

That is the real testimonial of national commitment and appreciation, something that requires extra sacrifice by society in the here and now. Mr. Nixon stated the point very well in his special veterans message of

last January: "We owe these men and women our best effort in providing them with the benefits that their service has earned them." But his proposals in the way of spending fell short of the high standard he had voiced. Nor has Congress provided enough in recent times, though it ordinarily goes well beyond Mr. Nixon's requests.

The problem is that inflation has been eating up the gains faster than they become available, so that Vietnam veterans find themselves grievously short-changed, especially in trying to get a college education. They are bitter, many of them, in reflecting on World War II vets' ability to do this handily with GI Bill benefits and their own inability in all too many cases. Though they're getting more money, it buys much less. Under the World War II GI Bill, the government made a direct payment to the college, generally sufficient to meet all costs of tuition, books and fees, and gave the vet $75 a month for living expenses. Millions of men and women now in middle age breezed through to get their degrees, with little financial worry, on that system.

But what does the Vietnam veteran receive? A flat stipend of $220 a month, from which he must pay tuition, living expenses and all else. And rocketing tuition costs have reduced this to a pittance, for the purposes of attending many a four-year college these days. Last fall, according to a recent report, only 1.5 percent of the entering freshmen in these institutions were veterans. The vets are being stuffed into two-year community colleges, vocational schools and job-training endeavors. Many are being supported by working wives as they try to get educated, and countless others simply have given up.

Congress must do something to relieve this injustice, and apparently it will, but the question is how much? Mr. Nixon now proposes an 8 percent hike in education and training benefits, to give single vets a raise to $237 monthly. The House is a good deal ahead of him, as usual, already having approved a 13.6 percent boost and a $250 stipend, by unanimous vote. In terms of increased spending, the House plan calls for $600 million, as against roughly $200 million proposed by the President, but neither is an adequate response to veterans' needs. The Senate, though, is about to receive much more ample proposals from its Veterans' Affairs Committee, whose hearings are being enlivened by angry Vietnam vets. Chairman Vance Hartke of Indiana was talking the other day about a 23 percent jump, to $270, but even that brought derisive shouts from ex-GIs in his hearing room.

How much more, then? Some experts in this field think a hike of $800 million to $1 billion is needed to give Vietnam-era vets the actual returns in education enjoyed by World War II veterans. And though Congress may not approach that maximum figure, and perhaps cannot do it within the fiscal realities that prevail, the Senate will deal with legislation in this range. When the time comes, it must summon the utmost generosity allowable, and give serious thought to what other federal programs might be reduced, at least temporarily, so this one can be expanded.

Also, the Senate should move beyond the stipend system that keeps many veteran students in dire hardship, and work out a method to provide tuition assistance as well. Much can be said for initiating an educational loan program. Along that line, some lawmakers would like to utilize the $7-billion National Service Life Insurance Trust Fund, consisting entirely of insurance premiums paid by veterans. It seems reasonable to use some of this vast reserve for individual loans to help veterans secure education and training.

Admittedly, veterans are benefitting heavily from the present program, attending schools by the hundreds of thousands, in somewhat higher percentage than World War II vets did. But the Veterans Administration paints too rosy a picture, as in noting that educational benefits have increased 70 percent since 1970. After all, upwards of 4 million servicemen have been discharged since then, and the stipend four years ago was outrageously low.

And serious deficiencies are all too evident in other areas. Unemployment among Vietnam veterans in the 20-to-24 age group is sharply above the national average for that bracket. Upon demand by Congress, the Labor Department has just given a very poor and belated accounting of its stewardship in carrying out Congress' 1972 mandate to help veterans find jobs. We expect this will produce some fireworks in congressional hearings quite soon, as it rightly should. Congress also is obligated, we think, to enlarge upon Mr. Nixon's proposed cost-of-living increases for disabled veterans.

As of right now, though, the main demand for performance is upon the President himself. His Veterans Administration is in serious disarray, and has been for some time under the direction of Donald E. Johnson. This was pointed up again last week by the heated resignation of Dr. Marc J. Musser, the VA's chief medical director, and demands for the firing of Johnson by some leading members of Congress and two veterans' organizations. Allegations of excessive political influence on the agency seem not without foundation, and Johnson's erratic leadership doesn't inspire much confidence. Nor does Mr. Nixon's latest response: Appointment of Johnson to organize an investigation of inefficiencies in his own agency.

But the larger problem is administration policy which resists a more generous financial commitment, as being inflationary. The war also was fought at inflated costs, and contributed much to the inflation the country now suffers. The men who fought it deserve at least the same consideration, in terms of priority, that the war received. This will not, after all, be a continuing expense; in a very few years the Vietnam veterans either will have gotten their college educations or lost the chance. If this country fails now to give them the fullest opportunity, it will not live very comfortably with itself.

RESOLUTIONS OF NATIONAL LIVESTOCK FEEDERS ASSOCIATION

Mr. PERCY. Mr. President, recently I was visited by a delegation of Illinois members of the National Livestock Feeders Association to discuss issues of interest to the industry. We had an interesting discussion of some of the resolutions passed by the NLFA at its annual meeting in February.

For the information of all my colleagues, I ask unanimous consent that the resolutions adopted by the NLFA at its 1974 annual meeting be printed in the RECORD.

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

RESOLUTIONS ADOPTED—NATIONAL LIVESTOCK FEEDERS ASSOCIATION

RESOLUTION NO. 1—ECONOMIC STABILIZATION

Whereas, the current policy of the National Association strongly opposes the application of price controls to livestock and meat; and

Whereas, inflated prices are the result, not a cause, of inflation; and

Whereas, price controls and related measures, seriously distort production and marketing, create artificial shortages of a wide range of goods in the economy, and are otherwise deleterious to the public interest and to the interest of producers, marketers, and consumers;

Be it resolved, that this Association calls for the termination of all price controls immediately and is opposed to giving the President of the United States authority to impose programs to stabilize the economy, except in cases of national emergency.

RESOLUTION NO. 2—THE ENERGY SITUATION AND AGRICULTURE

Whereas, food and natural fibers are basic necessities; and

Whereas, an adequate supply of energy if vital to agricultural production, processing, and distribution;

And since, the Federal Energy Office recognizes this top priority status and, also, the need for flexibility in allocating and distributing fuels, fertilizers, and other energy-derived production inputs;

The members of the NLFA hereby pledge to utilize fuels and other energy-derived products made available to them in a judicious manner.

The Association will continue to work toward assuring agriculture its rightful priority with respect to the allocation of fuels and other energy-derived products, including the use of energy materials in the production and distribution of fertilizers and other agricultural chemicals and the like.

RESOLUTION NO. 3—EXPORT CONTROLS ON AGRICULTURAL COMMODITIES

Whereas, the U.S. Government acted to restrict the exportation of certain agricultural commodities and products in connection with attempts to stabilize the economy; and

Whereas, the exportation of agricultural commodities and products is crucial to the United States and is in the best interest of agricultural producers; and

Whereas, being a dependable supplier is essential to developing and maintaining important foreign markets for agricultural exports;

Be it resolved, that the Association confirms the interim action taken by the National Board of Directors to oppose export restrictions on any and all agricultural commodities.

RESOLUTION NO. 4—FOREIGN TRADE STATISTICS

Whereas, U.S. Foreign Trade Statistics as compiled and publicized are subject to serious misinterpretation resulting in a distortion of the true relationship between exports and imports and creating a false impression of our trade and payment balances due to:

(1) Reporting of the value of U.S. imports on the basis of f.o.b. country of origin, instead of a c.i.f. basis (adding insurance and ocean freight), the system used by most other trading nations;

(2) Assigning an export dollar value to products given away, subsidized, or otherwise shipped under arrangements under which full value is not received.

Be it resolved, That the Association reaffirms its policy urging that sales for cash and monies actually received be clearly separated from other shipments in the reporting of U.S. exports, and that the Association continue to push for the valuation of imports on a c.i.f. basis as the accepted standard of procedure.

RESOLUTION NO. 5—LAND USE

Whereas, increased public attention is being focused on land use, with environmental and recreational considerations receiving disproportionate emphasis; and

Whereas, the right to own and use land for private purposes is basic to the American way of life and to our economic system; and

Whereas, land is perhaps our most vital natural resource, upon which we depend for food, clothing, shelter and recreation;

Therefore, this association holds:

(1) That Government interference with the right of the individual to own and use

land should be kept to the minimum consistent with the overall public interest;

(2) The dominate government role in connection with land use should rest with local and state governments;

(3) The role of the Federal Government should be limited to that of overall coordination and technical assistance;

(4) That the use of land for food production be given high priority, consistent with the need for ever-expanding production; and

(5) That freedom of ownership and land management be recognized as essential to a strong, healthy, and productive agriculture.

RESOLUTION NO. 6—TAX SHELTERS OR DEFERRALS

Whereas, accounting tax-loss investments in cattle feeding constitute government subsidization of custom feeding; and,

Whereas, such investments for tax purposes are a competitively inequitable source of financing which places owner-feeders at a competitive disadvantage and seriously distorts the supply and price patterns for feeder cattle and feedstuffs; and,

Whereas, this abuse of the cash system of accounting and reporting for tax purposes seriously jeopardizes the use of said system on the part of bona fide feeders.

Be it resolved, That the National Livestock Feeders Association supports the interim action taken by the Board of Directors in working with Treasury officials and the Joint Committee on Internal Revenue Taxation of the Congress to correct this type of abuse of the cash accounting and reporting system.

Be it further resolved, That the Association will specifically: (1) Closely follow the implementation of legislation and/or IRS rulings, including the recent proposal on prepaid feed to assure interpretation in a manner which will protect the interest of the bona fide feeder; (2) Push enforcement by the IRS of the legal prohibition of using accumulated expenses for tax write-off purposes.

RESOLUTION NO. 7—FARMLAND TAXATION

Whereas, there are problems in the tax structure and assessed valuations of farmland;

Be it resolved That the National Livestock Feeders Association urges state legislation be passed to assure that agricultural land be assessed according to its current earning capacity in agricultural purposes rather than to base assessments on sale price or on potential value as might occur from purposes other than agriculture.

RESOLUTION NO. 8—UTILIZATION OF ANIMAL WASTE

Whereas, animal waste should be viewed in the context of a valuable resource, rather than a disposal problem; and

Whereas, various treatment procedures have been and are being tried experimentally to use animal waste for the production of energy and other useful products;

Be it resolved, That the National Livestock Feeders Association shall continue to encourage experimentation in the use of animal waste, both as an energy source and as recycled feed ingredient.

RESOLUTION NO. 9—AIR QUALITY

Be it resolved, That any move on the part of the State or Federal Government to control odors from feedlots must be coordinated with the development of control technology and, furthermore, must give due consideration to the cost vs. the benefit concept.

RESOLUTION NO. 10—DES WITHDRAWAL

Resolved That the National Livestock Feeders Association strongly encourages those feeders returning to the use of DES to rigidly observe a 14-day withdrawal period before marketing animals for slaughter.

RESOLUTION NO. 11—ANIMAL RESEARCH

Whereas, despite the urgent need to expand agricultural production, and specifically meat production, animal research is inadequately supported to meet the growing challenge of the future; and

Whereas, the need for expansion and greater efficiency in animal production is essential to the nation's food supply and, therefore, the public interest dictates that greater attention be given to animal research; and

Whereas, close coordination between the Federal Government and the various state research institutions is necessary for research programs to be the most effective and produce the greatest results at the least cost;

Be it resolved That the NLFA strongly supports expanded animal research and calls for close coordination at all government levels, including the productive use of existing research facilities and personnel.

RESOLUTION NO. 12—EMERGENCY AND QUASI-EMERGENCY DISEASE CONTROL FUNDING

Whereas, the livestock and meat industry and the consuming public lives under the continuous threat of catastrophic disease outbreaks; and

Whereas, immediate action can often forestall outbreaks of epidemic or quasi-epidemic proportions; and

Whereas, in the past when special problems or outbreaks have occurred, the necessary action has been funded by "robbing" existing budgeted disease control and erradication projects, resulting in costly interruptions of these programs;

Therefore, be it resolved, That the NLFA urges special control actions resulting from special problems, outbreaks, or disease epidemics be handled and funded by:

(1) Focusing fully and immediately upon control measures at the moment of discovery with all of the resources necessary; and

(2) The documented cost of such work, including indemnity payments for animals depopulated, be presented to the Congress upon completion for budget reimbursement.

RESOLUTION NO. 13—CATTLE IDENTIFICATION

Be it resolved, That the National Livestock Feeders Association reaffirms its support of the United States Animal Health Association in its efforts to develop and implement a practical method of identifying cattle from the point or origin.

RESOLUTION NO. 14—FEEDER CATTLE MANAGEMENT

Whereas, there still remains a great deal of progress to be made in handling feeder cattle to the end that they arrive at the feedlot in a healthy, thrifty condition; and

Whereas, it is important for the feeder to know the health history of the animals purchased and placed on feed; and

Whereas, Livestock Conservation, Inc. has now assumed the leadership responsibility in this particular area;

Be it resolved, That the NLFA supports the action being taken by LCI toward the development and recommendation of disease control and other management techniques and practices which will further said goals; and

Be it further resolved, That the Association will continue to promote the preconditioning of feeder cattle at the point of origin.

RESOLUTION NO. 15—MISREPRESENTATION OF FEEDER LIVESTOCK

Whereas, it appears that some market agencies and/or livestock dealers are prone to misrepresent in one way or another the cattle they offer for sale, including an announcement or claim that the cattle are green or fresh from the grower when in fact they are not; and

Since such deceptive practices are violations of the Packers and Stockyards Act,

Be it resolved, That all market agencies and dealers be hereby alerted to the fact that misrepresentation of cattle offered for sale is in violation of the Act and will not be tolerated, and

Be it further resolved, That if and when any member of the National Livestock Feeders Association encounters practices that amount to misrepresentation, they be encouraged to report the incident to the nearest Supervisor of the Packers and Stockyards Administration for appropriate action.

Be it further resolved, That the NLFA shall work toward the enforcement of contracts and prosecution in case of default.

RESOLUTION NO. 16—ENFORCEMENT OF PACKERS AND STOCKYARDS ACT

Over the years, the members of the Livestock Feeders Associations have supported equitable and effective enforcement of the Packers and Stockyards Act, and have taken the position that this statutory code of trading ethics should be applied non-discriminately to those engaged in the business of buying and/or selling livestock.

Furthermore, the Associations have supported the basic enforcement concept inherent in the Act that packers should not be permitted to integrate into the selling side since such action, if allowed, would spell the doom of the independent owner-feeder and result in the type of packer domination of the industry which brought about the original passage of the P & S Act.

The National Livestock Feeders Association hereby registers its continued support of the above policy positions in connection with:

(1) Prohibiting packers from becoming involved in the ownership and/or operation of custom feedlots; and

(2) The non-discriminatory application of the Act to those engaged in the business of selling and/or buying livestock; provided, however, that due diligence be exercised in determining that the party in question is truly engaged in performing the functions of agency or is a dealer within the definition of the statute.

RESOLUTION NO. 17—PACKERS AND STOCKYARDS ACT

Whereas, previous attempts have been made by the National Livestock Feeders Association to obtain numerous amendments to the Packers and Stockyards Act which was passed fifty-three years ago and to cause this act to be more meaningful and applicable under changed conditions in the livestock and meat industries; and

Since certain resistance has been encountered due in part, at least, to the extent of the changes that have been sought:

Be it resolved That the Association concentrate its efforts for the time being on amendments that would clarify the jurisdiction of the Packers and Stockyards Administration, would provide authority for the Administration to seek injunctions or restraining orders through Federal Courts against registrants or packers in cases where it is evident that practices employed or financial conditions endanger the position of persons with whom they are doing business, would reform the reparation procedure to include its application to meat packers and fix the responsibility for payment or reparation claims that might be awarded, and provide that the packers be bonded as is required for livestock dealers.

RESOLUTION NO. 18—FUTURES TRADING—COMMODITY EXCHANGE ACT

Whereas, recent developments in the contract commodity markets have pointed up the need for more strict regulation of certain aspects of such trading; and

Whereas, legislation has been introduced in the U.S. Congress to amend the Commodity Exchange Act to strengthen the regulation of futures trading; and

Whereas, futures trading in live cattle and live hog contracts has become predominantly speculative, a condition which invites market manipulation;

The National Livestock Feeders Association favors amendments to the present law which will:

1. Provide injunctive authority to prevent violations of the Act;

2. Require additional delivery points where needed to assure that speculators cannot demand more than the cash value for commodities.

3. Prevent excessive speculation or manipulation of the market by:

(1) Avoid conflict of interest on the part of floor brokers and commission merchants by prohibiting them from trading on established markets for their own account in any commodity in which they handle customer orders, and strictly control said privilege on other than established markets;

(2) Establish appropriate limits on the amount of open interest which can be held by a futures commission merchant or speculator and provide for an appropriate rate of reduction of open interest as the delivery date approaches;

(3) Establish an appropriate limit on the amount of trading any party can do in a specified time (one day);

(4) Outlaw the handling of discretionary accounts on the part of commission merchants and floor traders, except on a temporary basis for short periods of time;

4. Require commodity markets and brokers to keep complete and accurate records;

5. Prevent foreign interests from speculating in excess of the limits set for domestic customers, and require the reporting of foreign sales;

6. Bring all agricultural commodities under regulation;

7. Other such amendments which are in the interest of improving market performance and protecting the interest of persons utilizing the contract markets.

The association is not in favor of setting up a new regulatory agency or transferring the regulatory authority from the U.S. Department of Agriculture.

With respect to live cattle and live hog contracts, the Association takes the position that:

(1) Disallow more than one redelivery of each given lot;

(2) Monthly contracts to enable delivery each month;

(3) Four days per week delivery.

RESOLUTION NO. 19—UNIFORM MARKETING

Be it resolved, That due to the recent penalties on over-finished cattle, we urge the livestock producer and feedlot operators to sell cattle when they are finished for grade. Because of the high cost of over-finished cattle with the high cost of gains brought on by the higher corn prices and protein, we urge that feeders sell at proper grade.

RESOLUTION NO. 20—RECOGNITION OF AND PAYMENT FOR CUTABILITY

Whereas, it behooves the feeding industry to do everything reasonably possible to produce fed animals whose carcasses will cut-out a high percentage of saleable lean meat within each quality grade and with minimum cover and waste; and

Since higher cutting carcasses provide economic advantages to slaughterers as well as retailers and any such economic advantage should also accrue to livestock feeders;

Be it resolved, That the National Livestock Feeders Association urges the meat packing and retailing industries to recognize clearly the value differences in carcass cutability, and strongly encourages sufficient differentials be paid to reflect real value; and

Be it further resolved That the feeder be encouraged to ask for grade and cutability results as a condition of sale.

RESOLUTION NO. 21—BEEF GRADING STANDARDS

Be it resolved, The Board of Directors is hereby instructed to address itself, directly or through a special committee, to improving the Beef Grading Standards and to work toward a consensus of other industry groups on possible changes to be made.

The following is for the guidance of the Board:

Relaxation of the Grades: The membership reaffirms its traditional policy of opposing a relaxation of the grade standards merely for labeling purposes, especially with respect to widening the Choice grade.

Conformation: The membership does not oppose transferring conformation from the present Quality Grades, provided the impact of conformation is measured either separately or in conjunction with the Yield Grades.

Creation of a New Grade: In connection with the proposal to create a new grade made up of the upper portion of the Good Grade, the members raised the questions as to whether or not there is a sufficient number of carcasses to warrant a separate grade designation and whether or not a new grade would gain ready acceptance as a working grade.

Marbling and Maturity: The membership supports the proposal that the emphasis placed on marbling and maturity remain unchanged for the present time.

Improvement of Standards: The members support the proposal that the USDA initiate efforts to improve the accuracy and precision of conformation criteria for the evaluation of muscling; and, furthermore, the Association strongly favors the challenge extended to research institutions to initiate intensive studies with the goal of developing criteria or data to provide a basis for improving the Beef Grade Standards.

RESOLUTION NO. 22—INSPECTION OF IMPORTED MEATS

Be it resolved That foreign beef imported to the United States be subject to U.S. domestic standards of inspection and subject to same restrictions as far as pesticides, antibiotics and feed additives.

RESOLUTION NO. 23—TRUCK WEIGHTS AND LENGTHS

Whereas, the lack of uniformity among states in the limitations placed on truck weights and lengths works a hardship on both truck operators and shippers; and

Whereas, the financial plight of Eastern and Midwest railroads along with the general erosion of railroad service have forced livestock and meat shippers to be more dependent upon truck transportation; and

Whereas, the energy situation is creating serious transportation problems, including a reduction in service;

Be it resolved, That the National Livestock Feeders Association supports moves now pending in the U.S. Congress and will aggressively work for the adoption of a uniform total weight limit of approximately 127,000 pounds and a length limitation of approximately 105 feet overall (equivalent of twin 40-foot trailers plus tractor plus dolly) on all Federal highways.

Furthermore, the Association hereby reaffirms Resolution No. 18 of 1970.

RESOLUTION NO. 24—PUBLIC RELATIONS PROGRAM FOR AGRICULTURE

Whereas, developments over the past two years have again vividly pointed up the need for establishing better rapport and understanding between the food and industry and the consuming public, legislators and government officials, and the news media; and

Whereas, a long-range, instiutional type public relations program can contribute to this goal; and

Whereas, the Agricultural Council of America has been established for the purpose of carrying on such programs for the benefit of agriculture as a whole;

Be it resolved, That the NLFA will support the Council financially in a moderate way, as determined by the Board of Directors and subject to conditions satisfactory to the Board;

However, it is the desire of the membership that the primary support from monies collected from livestock producers and feeders go to support commodity programs as carried on by the National Live Stock & Meat Board.

RESOLUTION NO. 25—MEAT BOARD AND STATE CHECK-OFF PROGRAMS

PART I—STATE COUNCIL REPRESENTATION

Whereas, many of the states have now established state check-off programs for research, education, meat promotion and public relations; and

Whereas, a sizeable portion of the monies collected under certain of these state programs goes to the National Live Stock & Meat Board and its species councils;

The NLFA recommends that an equitable system be adopted by the Meat Board to accord state check-off organizations representation on the appropriate species council of the Board, on the basis of the amount of monies contributed to the Board.

PART II—COORDINATION OF INDUSTRY PROGRAMS

Whereas, the formation of state check-off programs has resulted in a lack of coordination and in duplication of program activities in the expenditure of the funds; and

Whereas, in most cases, the major proportion of the monies collected can be utilized most effectively for the benefit of the Industry, including livestock operators in the given state, in well-coordinated national programs of research, education, meat promotion and public relations; and

Whereas, the need is clear for an expanded public relations program on behalf of the livestock and meat industry;

Be it therefore resolved, That the Association supports the Meat Board in its move to undertake an expanded public relations program on behalf of the Industry.

Be it further resolved, That the NLFA encourage all state check-off groups to make a substantial contribution of funds collected available to the National Live Stock & Meat Board.

RESOLUTION NO. 26—LIVESTOCK AND CROP ESTIMATES

Whereas, livestock and crop estimates compiled and published by the Statistical Reporting Service of the U.S. Department of Agriculture are an essential informational source for the industry and, also, benefit the consuming public; and

Whereas, the SRS must be in a position to carry out its responsibilities in this regard in a manner to obtain the highest degree of accuracy possible;

Be it resolved, That the NLFA strongly supports the livestock and crop estimates program carried on by SRS and will use its influence to obtain sufficient appropriations to permit the SRS to carry out its responsibility effectively.

RESOLUTION NO. 27—PREDATOR CONTROL

Be it resolved, That the National Livestock Feeders Association is opposed to action of the Environmental Protection Agency in banning the use of chemicals, drugs and devices generally conceded to be desirable for use in control of predators and rodents.

RESOLUTION NO. 28—COMPLIMENTS TO SECRETARY BUTZ

Whereas, the policies of Secretary of Agriculture, Earl Butz, have been very beneficial to the American farmer; and

Whereas, he correctly warned against price controls on agricultural products;

Therefore, be it resolved, That the National Livestock Feeders Association commend Secretary Butz for being a true friend of the farmer; and

Be it further resolved, That, as the implementation of price controls proved him right,

we urge agricultural policy makers to heed his advice and allow agriculture to operate in a free economy.

RESOLUTION NO. 29—FREE MARKETING SYSTEM

Be it resolved, That the National Livestock Feeders Association work to maintain an open and free enterprise market system and we will continue to oppose any legislation to jeopardize the free market systems by Government or organizations.

We believe it is to the best interest of the American farmer to exercise self-discipline and market his commodity in an orderly manner.

RESOLUTION NO. 30—APPRECIATION

Be it resolved, That the Association express its appreciation and gratitude to all those who assisted with the 1974 convention, including the Convention and Visitors Bureau in Kansas City, all convention speakers, exhibitors, hosts and sponsors of the numerous events which made the 1974 National Livestock Feeders Convention a most memorable one.

THE KILLING OF DOLPHINS

Mr. HARTKE. Mr. President, during the 92d Congress, legislation was passed to protect marine mammals. I am proud to have played a part in the passage of that legislation as a member of the Senate Commerce Committee.

Recently, I received a letter from a young student in Pennsylvania, Daniel Bernard, together with two fellow students. That letter notes that dolphins are being killed as the direct result of the method which Japanese fishermen use to catch tuna. Nets are used to catch the tuna, and dolphins get caught in these nets and are unable to come to the surface in order to breathe.

I am hopeful that an alternative method of catching tuna can be found, and have written a letter to the Japanese Ambassador to the United States urging his government to investigate this matter.

Mr. President, I ask unanimous consent that the text of the letter from Mr. Bernard and my letter to the Japanese Ambassador be printed in the RECORD.

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

U.S. SENATE,
Washington, D.C., April 5, 1974.

His EXCELLENCY,
TAKESHI YASUKAWA,
Ambassador, Embassy of Japan, Washington, D.C.

DEAR AMBASSADOR YASUKAWA: I am enclosing a copy of a letter I received recently from some young students. They express a concern about the unintentional killing of dolphins at the time when Japanese fishermen are catching tuna.

I would greatly appreciate your government's study of this matter with a view toward alternative means of catching tuna which does not, at the same time, result in the killing of dolphins.

Thank you for your cooperation in this matter. With my best wishes, I am

Sincerely,

VANCE HARTKE,
U.S. Senator.

SAVE THE DOLPHINS!

Dear Senator, we have found out from a very reliable source that several tuna fish companies in Japan have been killing vast numbers of dolphins within the last few years and we dislike the way they kill hapless dolphins. In the process of catching tuna fish with nets dolphins get cought (caught) in these nets and cannot serface (surface) to breathe. We would like to suggest that these companies use another method of catching the tuna fish and would appreciate it very much if you could write a letter to the Japanese Government. We are very concerned about the killing of these beautiful creatures!!

For more information write to: Daniel Bernard, 210 Remington Road, Broomall, Pa. 19008.

(Signed) Daniel Bernard, Bryan Naff, Mike D'Orazio.

STRIPPER WELL INCENTIVES

Mr. FANNIN. Mr. President, one of the wisest acts of Congress during the energy crisis has been to provide incentives for the operation of marginal oil wells, commonly referred to as stripper wells.

Through price incentives we have brought these marginal wells back into production and we have encouraged the continued pumping from wells which might otherwise have been abandoned. It is very important to understand that through this program we have produced a significant amount of oil that might otherwise have gone to waste; it simply never would have been pumped out of the ground because without incentives it was not profitable to go to all the trouble and expense of wringing this oil out of the Earth.

Mr. President, today I received a letter from William Simon, administrator of the Federal Energy Office, reaffirming the success of this program and clearly stating the need for its continuance. I ask unanimous consent to have this letter printed in the RECORD so that all my colleagues may have a better understanding of why we need the stripper well incentives:

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

FEDERAL ENERGY OFFICE,
Washington, D.C., April 6, 1974.

Hon. PAUL J. FANNIN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR FANNIN: The question continues to arise concerning the wisdom of the "stripper well" exemption in the Emergency Petroleum Allocation Act. This communication reflects my present concerns about the future of that provision.

As you know, Congress has approved, on two occasions, legislation containing an exemption from price controls of all crude oil produced from stripper wells. The Alaskan Pipeline bill was the first vehicle for such an exemption, and was closely followed by the enactment of the Emergency Petroleum Allocation Act which contains a similar exclusion.

FEO regulations currently exempt from price controls crude oil produced from a lease whose average daily production for the preceding calendar year does not exceed 10 barrels per well. The aim of this provision is to delay the shutdown of a marginal well by providing an incentive to the producer to extend the productive life of the well. The added revenues to the producer may also help finance additional exploration and development.

It is significant to note that the majority of stripper wells are owned by the independent segment of the domestic petroleum producing industry. This is the same portion of the industry which drills approximately 85 percent of the exploratory crude oil and natural gas wells in the United States. Thus, the exemption is vital in order to generate the additional revenues necessary to ensure a continuation of this high percentage of domestic exploration by the independent producer.

Today, there are an estimated 360,000 stripper wells operating in the United States, producing an average of 3.5 barrels of crude daily. Stripper production accounts for approximately 13 percent of the Nation's daily crude oil production. Approximately 5.1 billion barrels of the Nation's proven recoverable reserves of approximately 35 billion barrels (this includes the North Slope's 10 billion barrels) underlie what are presently stripper wells. Since all producing wells eventually become stripper wells, any step preventing their premature abandonment will significantly contribute to this Nation's proven reserves. For example, the stripper well exemption is enabling continued production from some little known oil producing areas, such as the State of New York which has approximately 5,500 wells currently in production. It should also be noted that the maximization of stripper production has significant economic advantages; the wells are already drilled, the tubular goods in place, and there remains no risk of encountering a dry hole.

Recent reports have indicated that the stripper well exemption is paying additional dividends. Due to the higher prices for stripper oil, remedial work in stripper areas has significantly increased. The results of proper maintenance and, in some cases, complete workovers could add another 200,000 barrels per day or more to U.S. crude supplies. It is imperative that this level of production be maintained. We are also encouraged by reports that drilling rig activity has increased 36 percent over the comparable time period of last year.

In some midwestern states, such as Kansas, production from stripper wells constitutes a very large portion of the state's total crude supply. Anything less than an incentive to continue production from these wells would work a hardship on small inland refineries dependent upon the maintenance of a nearby supply.

Because of the time lag inherent in making available to the consumer alternate sources of energy, it is vital that we extend the production already in existence. For these reasons, I strongly recommend the continuation of the stripper well exemption and oppose elimination of it. We should not put in jeopardy such a significant percentage of U.S. crude supplies because of a failure to recognize the higher costs associated with the production of that oil.

Sincerely yours,

WILLIAM E. SIMON,
Administrator.

CONGRESSIONAL RESPONSE TO PRESIDENT'S VETERANS MESSAGE

Mr. HARTKE. Mr. President, yesterday, my distinguished colleague in the House of Representatices, OLIN "TIGER" TEAGUE, of Texas, responded to President Nixon's nationwide address on veterans of a week ago. TIGER TEAGUE is the ranking Democratic member on the House Veterans Affairs Committee and until the beginning of the 93d Congress, served as its chairman for the past 25 years. Representative TEAGUE clearly addressed the problems facing veterans and said that "the President seems to be completely misinformed about the problems in the Veterans' Administration." Such a

view may be the most charitable characterization that can be applied—particularly if a report by Bob Schieffer on the CBS Sunday News on March 31 is correct. According to Schieffer, an internal White House memo surfaced accidentally which revealed that the President had originally planned to point out that unemployment among veterans was declining. When figures showed the opposite, CBS reported that the White House memo tried to make the best of the situation by, and here CBS quoted from the memo: "posturing Richard Nixon as cracking the whip over the VA." This "posturing" by the President was according to the White House memo "appropriate politically". To date, I am aware of no denial of the account by CBS and I can only conclude that it is accurate.

Mr. President, it is obvious that we need more than "posturing" by the President and we need less of the sort of *self-investigation* which has come to be known as the "Ehrlichman Gambit."

Mr. President, I ask unanimous consent that the full text of Representative TEAGUE's remarks yesterday be printed in the RECORD.

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

ADDRESS BY THE HONORABLE OLIN E. TEAGUE, MEMBER OF CONGRESS

Last Sunday in an address to the nation, the President acknowledged that there are serious problems in the Veterans Administration education and medical programs. Unfortunately, his solution was all too familiar. He called for self-investigation. He said he had directed the Administrator of Veterans Affairs, Donald Johnson, and the Office of Management and Budget to take a hard look at services provided by the VA and report back to him in eight weeks. He also said that he was directing the Administrator of Veterans Affairs to conduct a thorough investigation of veterans hospitals and clinics to report to the President within 60 days. He announced still another study committee of several cabinet members to be headed by Administrator Johnson. I happen to personally know that two years ago President Nixon directed Administrator Johnson and the Director of OMB to make an investigation of medical programs and I have heard nothing from it.

The President seems to be completely misinformed about the problems in the Veterans Administration. The Agency does not need more committees and self-investigation. It needs a change in top level management. There is no real basis for expecting any improvements when the man who has caused most of the problems is investigating himself.

The nation's major veterans organizations, the administrators of schools and colleges across the country, and tens of thousands of veterans know there is a serious problem in administering the education program and getting benefits checks to veterans on time. In spite of all the complaints and publicity that this serious problem has received, the House Committee on Veterans Affairs was advised by the Administrator, "We do not believe more people at this time would solve our problems. . . . It is our opinion that a request for more people in the benefits area is not warranted." A few weeks later the Directors of the Veterans Administration Field Offices reported to Administrator Johnson that if they were to keep their programs current and deliver checks on time, they would need in excess of 1500 additional people.

The Administrator of Veterans Affairs not only seems incapable of understanding the nature of the problems confronting his Agency, but stubbornly refuses to admit there is a problem. Now we are expected to believe that after 60 days inquiry this same man will come up with the answer.

The problems of the Veterans Administration hospital and medical program are directly traceable to mismangement by the Administrator of Veterans Affairs. For several years he has appeared before the Appropriations Committees of the Congress and opposed any attempts to add funds for the medical program and contended that no additional funds were needed. Despite that, Congress in the last several years has added about one-half billion dollars in appropriations for VA medical services. Two years ago these additional appropriations were made available just in time to improve staffing and head off a strike by nurses and doctors in the VA hospitals at Boston, Massachusetts, Portland, Oregon, Miami, Florida and one or two in the New England states.

Administrator Johnson has completely wrecked the leadership of the Department of Medicine and Surgery. Despite the fact that the White House had approved Dr. Marc J. Musser, Chief Medical Director of the Veterans Administration for a new four-year term beginning in January of this year, the Administrator has maintained a continual harassment of Dr. Musser and his major assistants. The result is that the Chief Medical Director and the Deputy Chief Medical Director have resigned and many highly competent doctors and other professional persons in the Department of Medicine and Surgery have been transferred or pushed into resignation or retirement. With Dr. Musser's departure from the Agency we have lost a doctor widely recognized by the medical community as an extremely capable and dedicated professional.

The Health and Hospital Subcommittee of the Senate Veterans Affairs Committee, has announced it will conduct a full inquiry. Now with the veterans medical program leaderless, the Administrator of Veterans Affairs, who created the problem in the first instance, is going to spend eight weeks in investigating the problem.

In the 25 years I have served on the Veterans Affairs Committee, I have never seen morale in the Veterans Administration at a lower state. This is the direct result of political manipulations by the Administrator and is the root cause of most of the Agency's problems.

Administrator Johnson has made the Veterans Administration a dumping ground for ex-CREEPS. Incompetent former campaign officials and inexperienced, unqualified persons have been placed in important positions at high salaries. Competent professional people have been pushed aside to make way for these people. Now the veterans of the country are saddled with political appointments and ex-CREEPS. The result is that the veterans programs of this nation are deteriorating.

We have repeatedly tried to call these matters to the attention of the President, although we are not sure that the information which we have supplied the White House has reached the President.

The President reiterated his recommendation for an 8% increase in education benefits. He neglected to advise the public, however, that Congress is already working on this matter, and on February 19 of this year by a vote of 382–0, the House of Representatives passed a bill which would increase education assistance allowances by 13.6% at a first year additional cost of $561 million. This amount is necessary to bring rates in line with increases in the consumer price index since the last increase. The Senate Veterans Affairs Committee is holding hearings on education rate bills now.

A number of us in Congress are puzzled that in any survey of veterans problems the President would neglect to mention the need for cost-of-living increases for service-connected disabled veterans and survivors. An increase of approximately 15% will be required to adjust these payments to changes in the consumer price index since the last increase. The House and Senate have completed Subcommittee hearings on this subject and expect to work up the bill this week.

The President spoke at some length in his radio message about the plight of Vietnam veterans in securing jobs upon their return to civilian life, and indicated that he had launched a six-point program to correct this situation in June 1971. Congress enacted Public Law 92–540, which among other things, mandated the immediate hiring of 67 federal veterans employment specialists by the Labor Department to aid in securing employment for young Vietnam-era veterans. The Labor Department has failed to add a single specialist until more than one year after enactment. Even today, fewer than half of those positions are filled.

In defending his record, Administrator Johnson said that the Administration is now spending more than 13.6 billion dollars on veterans, ⅔ again as much as was spent just four years ago.

Let me emphasize that it is the Congress of the United States, not the Administration, that appropriates money. Appropriations by Congress for veterans benefits have risen from 7 billion dollars in 1969 to 13.6 billion dollars under consideration for 1975. Practically all these funds go into direct benefits for veterans. The problem at VA is one of administration, not appropriations.

Each year for the past four years, Congress has found it necessary to add substantially to the budget proposed for the Veterans Administration. There is not the slightest doubt that Congress has, and will, appropriate the funds necessary to meet the legitimate needs of veterans if the Veterans Administration will be honest and cooperative in identifying those needs.

Veterans Affairs have never been permitted to become a partisan issue in the Congress and we do not expect to allow such a thing in the future. Over the years the Veterans Administration has been a non-political, highly professional, Agency. Most of its problems today grow directly out of the attempts of Administrator Johnson to inject politics in this Agency. Apparently, this situation is so serious an investigation by the Civil Service Commission may be required. I cannot believe that the President of the United States wants to make the Veterans Administration a political agency; therefore I must conclude that he is not fully informed.

Major veteran organizations of this country have concluded that there must be a change in VA management. The National Commander of the Disabled American Veterans said that frustrating inefficiency and bureaucratic bungling under Johnson prove beyond doubt that Johnson and his ranking administrative staff are totally incapable of coping with problems facing the American veteran, especially the service-connected disabled veterans.

The National Commander of the Veterans of Foreign Wars in a telegram to the President said, "I again urge you to reconsider and revise your legislative recommendations and to place competent leadership at the helm of the Veterans Administration and in other vital positions in that Agency to insure availability of first quality medical care and apt administration and prompt payment of direct benefits."

The Paralyzed Veterans of America called for the immediate resignation of Donald Johnson as Administrator of Veterans Affairs and said that under Johnson's misdirected guidance there has been a deterioration of veterans programs.

The proposals of the President for self-investigation are to me ridiculous and will not solve the problems of VA. I share the view of major veteran organizations that a change in top administration of VA is necessary. Competent management for that Agency can be found.

Just this week Congress demonstrated its concern for veterans, particularly those with service in Vietnam, by appropriating an additional $750 million for additional GI Bill benefits. Congress is steadfast in its determination that veterans affairs remain nonpartisan. We stand ready to meet the needs of the men and women who have served our country in time of war.

Good Day.

Mr. HARTKE. Mr. President, it is most disturbing to have a man who is intimately involved with veterans' matters as TIGER TEAGUE say that in his 25 years he has served on the Veterans' Affairs Committee, he has "never seen morale in the Veterans' Administration at a lower state."

In addition, the circumstances surrounding the resignation of Dr. Marc J. Musser as Chief Medical Director of the Veterans' Administration just 3 months after his reappointment is equaly alarming. The Subcommittee on Health and Hospitals, so ably chaired by the senior Senator from California (Mr. CRANSTON), will begin hearings on April 23 which will probe the basic control and direction of the VA's Department of Medicine and Surgery. No Member of the Senate has worked harder or achieved more in the past 5 years to improve the quantity and quality of VA health care than Senator CRANSTON. His dedication to first-rate medical care for our Nation's veterans is well known and without partisanship. Thus, his deep concern and distress over the problems concerning the direction and control over the medical policies within the Veterans' Administration are fully shared by me and worthy of serious and detailed consideration in the forthcoming hearings.

Mr. President, I would caution, however, that our concern over inept, ineffective, or partisan leadership within the Veterans' Administration should not obscure larger issues which transcend personalities. Changes in personnel without corresponding changes in policy will be cosmetic at best. Until policies are changed and those who make the basic policy are identified and made accountable to Congress for the indecisions, little will be changed. I believe this was well illustrated in an Evans and Novak column today and I ask unanimous consent the full text of that column be printed in the RECORD at this point.

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

[From the Washington Post, Apr. 8, 1974]

HALDEMAN-EHRLICHMAN LEGACY: CHAOS IN THE VA

(By Rowland Evans and Robert Novak)

The horrors now afflicting the nation's veterans programs can be traced to the radical plan of the old Haldeman-Ehrlichman White House, officially repudiated but surviving nevertheless, to centralize all power in the Oval Office during President Nixon's second term.

Although H. R. Haldeman and John D. Ehrlichman are long gone, their grand design endures—administered by spiritual heirs and generally ignored by Watergate-preoccupied Washington. The disruptive results are now surfacing in one agency after another. In the Veterans Administration (VA), the political explosion has just begun.

A central feature of the Haldeman-Ehrlichman plan was to place trusted Nixon aides, from the White House and the widely defamed Committee for the Re-Election of the President (CREEP), in key positions of executive departments. Running the government then would be Haldeman and his staff, backed by the Office of Management and Budget (OMB) headed by Roy Ash and his deputy, Fred Malek, who had been second-in-command at CREEP.

Named by Malek to be White House agent for VA's multibillion-dollar operations was Frank Naylor, fresh from a stint at CREEP rounding up veterans organizations' support for the Nixon-Agnew ticket. Naylor moved into VA's plush 10th floor executive offices as a supergrade 18 paying $43,926.

Other CREEP alumni from the Malek stable moved to lesser VA jobs. Among the many: Michael Bronson, a CREEP field representative as assistant administrator for planning and evaluation; Andrew Adams, a Kansas coordinator for CREEP as deputy director in VA's now-embattled education division.

What was happening at the VA reflected a radical effort to give the White House total control of all major bureaus and departments. Now, 15 months later, the outcome at the VA is clear: utter disaster.

Naylor, who came to VA without experience in the agency's highly specialized work, has now been quietly shunted to the Farmers Home Administration. Bronson is on his way out. Adams, a polio victim confined to a wheelchair, is slated to run the new rehabilitation office in the Department of Health, Education and Welfare (but powerful congressmen may block that appointment).

This accelerating collapse of the Haldeman-Ehrlichman centralization of power barely begins the story of the VA's crisis.

The American Legion cheered when then Republican Sen. Jack Miller of Iowa (defeated for re-election in 1972) persuaded Mr. Nixon in 1969 to name Don Johnson, a fringe Iowa Republican politician and former national commander of the Legion, to head the VA. Today, however, even the Legion has soured on Johnson's performance running the VA's 171 hospitals, 59 regional offices and tens of thousands of employees.

"Don," said one congressional critic, "is a political primitive who plays everything by the Malek rule book." Malek's first rule is saving money. Thus, Johnson's critics complain he automatically overrides his own experts, plus the organized veterans' lobbies, to accept OMB's budget proposals even at the expense of essential veterans' services.

The most dramatic case was the Johnson-contrived ouster last week of Dr. Marc J. Musser, VA's highly regarded chief medical director. In a private letter April 3 to Rep. Olin Teague, ranking Democrat on the Veterans Committee, and Sen. Alan Cranston, chairman of the Senate Subcommittee on Veterans Health and Hospitals, Musser said that "an antagonistic and uncooperative administrator (Johnson)" made his job impossible and that "the infiltration of the department by personnel selected and appointed by . . . the administrator has virtually eliminated any possibility of functional integritcy" in the medical branch.

When Musser came under attack by Johnson's office last year, then presidential counselor Melvin Laird interceded. Laird wrung from Johnson a firm agreement to stop interfering with Musser's operation.

More significant, Mr. Nixon himself strongly indicated to Teague last December that Musser would stay. Now, with the President preoccupied with fighting impeachment and with Laird gone, Musser has been hounded out of office.

Musser's top deputy, Dr. Benjamin F. Wells, was also forced out. Wells told us Johnson "just could not stand" Wells' connections with powerful congressional Democrats.

By throwing its full weight behind Johnson, OMB retains draconian control over Va's budget. The cost is high: loss of support from the powerful veterans' lobby, from tens of thousands of Vietnam veterans, and administrative chaos in the VA. Such is one bitter after-taste of the Haldeman-Ehrlichman blueprint for power.

WHY DO WE HAVE AN ENERGY CRISIS?

Mr. HANSEN. Mr. President, as I have said so many times before, it is discouraging to see and hear the continuing outpouring of sheer vindictiveness against the petroleum industry as the perpetrator of the energy crisis, or hoax, as some have termed it.

But, it is equally refreshing to occasionally see or hear an intelligent and objective analysis of the energy problem such as one carried in the January/February issue of the Wyoming Alumnus.

Donald Stinson, who is head of minerals engineering at the University of Wyoming, has answered the question of why we have an energy crisis in easily understood language and I believe it would benefit many of us in the Senate to take a few moments to read his analysis and recommendations.

I ask unanimous consent that his article, "Why Do We Have An Energy Crisis?" be printed in the RECORD.

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

WHY DO WE HAVE AN ENERGY CRISIS?

(By Donald Stinson)

(EDITOR'S NOTE.—The University is in an advantageous position to contribute suggestions for dealing with the energy shortage. On the following pages articles from various viewpoints are presented.)

We have all heard the reasons why we have an energy crisis or at least who is to blame: the big oil companies, the Arab countries, the President, the Communists and Russia, the environmentalists—or if all else fails, you can be sure it has been the Democrats or Republicans.

Here in Wyoming where we have recently experienced a beef crisis played to the same scenario, the situation should not be hard to understand. The prime source of the problem came from inept, bungling, federal controls. On the energy scene where significant new sources take tens of years to develop the time scale was much longer.

In fact, it all started about 20 years ago, when the United States Supreme Court ruled that the producers of natural gas as well as the interstate natural gas transmission companies were subject to control by the Federal Power Commission under the Natural Gas Act of 1938. During the intervening years only gas and gold have been subject to federal price ceilings.

At the height of World War II we produced over two-thirds of all the oil produced in the world. By 1953 the continental United States was still responsible for over half the production and consumption of crude oil for the whole world. Our natural gas production was almost 10 times that of the rest of the world combined. Our coal production was the larg-

est in the world and efficient enough to export significant quantities.

The competitive nature of the energy market and the ability of users to convert from one form of energy to another spread the basic problem from natural gas to all other forms of energy production and consumption. In most parts of the country a home could be heated by natural gas, oil, coal, or electricity for instance. Electrical power could be generated with waterpower or by burning natural gas, oil, or coal. This consumer discretion is similar to a housewife's selection of beef, pork, fish, or chicken to feed her family, except that it takes a power plant much longer to change its choice.

In 1954 the natural gas industry was going through a critical period when conditions and prices were changing rapidly. During and immediately after the Second World War large volumes of natural gas either found when searching for crude oil. or produced with crude oil, were available at very low prices. Since in many cases the only alternative to selling this natural gas was to flare it, much of it was actually sold for less than the cost of air at the same pressure. Prices as low as 3 to 5 cents per 1,000 standard cubic feet were not uncommon. As long as gas was being flared it made good sense to use this surplus gas to replace: oil at refineries, electricity for street lighting, or coal for power plants. Long distance pipelines were constructed to replace small manufactured gas systems supplying gas primarily to residential and small commercial customers in large cities. The availability of large volumes of gas at such low prices also permitted the long distance transmission lines to be built for maximum capacity, enabling them to sell the surplus natural gas to large industrial customers at competitive prices.

The only thing such low prices did not reflect was the actual value of the material being sold. Typical natural gas sold at 10 cents per 1,000 standard cubic feet on an energy basis is the equivalent of 60c per barrel for crude oil and $2.00 per ton for coal. Obviously at such prices the demand for natural gas continued to expand.

As the surplus of natural gas began to disappear and the demand continued to increase, the price of natural gas started to move up. It was at this point that the Federal Power Commission, at the direction of the Supreme Court, moved in to artificially control the price of natural gas. The price freeze prevented the natural and desirable course of increasing prices which would have forced heavy industrial customers off the pipelines to conserve the limited supplies for residential and critical industrial applications.

As one might expect, the petroleum companies and other natural gas producers protested such actions loudly. Pricing filet mignon below hamburger can be expected to produce an extreme shortage of filet mignon. Hines H. Baker, President of the Humble Oil and Refining Company, stated in 1954:

"Presumably, the purpose of a plan to fix the producer's price of gas is to establish it somewhere *below* what would be established by competition. It is clear that such low price would tend to increase the number of customers desiring gas, the number of household installations, and the demand for gas. But the low price would lessen the incentive to explore for and develop gas. This would lower the rate of discovery of gas reserves. With demand increasing and rate of discovery decreasing, after a time a definite shortage of gas occurs. . . . Thus, the primary interest of the consumer is defeated."

No gas wells were shut-in during the next few years. The number of oil and gas exploratory wells declined only slightly and the public decided that the oil and gas industry had cried wolf and nothing was really going to happen. The steep and unchecked decline of the ratio of gas reserves to yearly production was largely ignored outside the industry.

The long-term availability of natural gas at low prices in the world's principle energy market produced subtle but significant long-range effects. It placed an effective ceiling on the world price for residual fuel oil. It discouraged the construction of coal-fired power plants. It retarded the construction of nuclear power plants. It produced flagrant consumption of energy with an almost complete disregard for efficiency or ultimate cost to society. Here in Wyoming there are numerous public buildings with no storm windows or provisions to reduce temperature at night or during holidays. We have industrial power plants in the midst of some of the world's richest coal fields burning natural gas because it was the cheapest fuel available when these plants were constructed.

During this period the funds that should have been invested in the search for new domestic natural gas and crude oil supplies were invested in other activities. During the two decades following the Supreme Court Decision, American oil companies discovered major oil fields in Australia, Nigeria, Algeria, Egypt and Libya as well as offshore fields near Great Britain, Norway, Denmark, and Iran. These companies also made many investments in other fields. During these years the production of natural gas and crude oil and the refining of crude oil in the United States was not yielding a satisfactory rate of return. It has been frequently mentioned that our major oil companies are some of the largest companies in the world. But there is no company large enough to justify investing its stockholders' money in activities that the company knows will not yield a satisfactory rate of return.

By the early 1960's the stage was set. The world's largest energy producer was rapidly increasing its consumption of all forms of energy while effectively preventing any price increase that might reduce its appetite or increase its own supplies. The following events, forced by public opinion, read almost like a sinister plot to incapacitate the nation.

As a result of growing concern over the environment and for the preservation of our natural rivers, the construction at most of the desirable hydroelectric dam sites in this country was blocked. Hell's Canyon, Marble Canyon, and many other sites were preserved, but many millions of kilowatts of clean electrical generating capacity were lost.

Reflecting the same concern for the environment, additional drilling in the Santa Barbara Channel was banned. This halted the development of one of the most promising oil regions in the country.

Because of some of the same concerns, exploratory drilling off the coast of New England, the South Atlantic States, and parts of Florida was also banned or seriously delayed. These are not proven oil provinces, but only drilling can establish if there is oil there.

Then at the eleventh hour the oil industry discovered the largest crude oil deposit ever found on the North American continent and announced plans to build a pipeline across Alaska to deliver this oil to the American markets. The construction of this line has been delayed for over five years by environmentalists and governmental red tape.

Here in Wyoming there have not been any outright bans on drillings, but the delays and problems in leasing and drilling on the public lands have increased and the oil finder's job has become harder because of them.

The final blow to the exploration for crude oil and natural gas was the reduction in the depletion allowance from 27½% to 22%. This a whole story in itself, but the facts indicate that it was reduced when we needed it the most. To reduce the incentives for the exploration and discovery of natural gas and crude oil in the face of an imminent shortage of both can only be described as bordering on lunacy.

In the same vein, the major gas and electric utilities and the principle oil companies continued to encourage customer usage by advertising, promotion, and rate schedules even after it became apparent that serious shortages were impending. In fact, some companies were compelled to restrict such activities only in response to consumer pressure after shortages had actually developed. In many cases such as electrical home heating or gas lighting, the application was promoted even though it was an inefficient use of the energy resource.

Crude oil refineries or expansions were not only turned down in places like Cheyenne for financial reasons, but new construction came to a standstill in almost the whole country. From Maine to Washington and Florida to California, companies wishing to construct new oil refineries ran into local and state denials. These rejections were not quite as complete as were those for requests to build superports to handle large superbankers. Thus, the United States today does not have a single port capable of handling the large supertankers that have been providing the cheapest method of transporting crude oil for the last 15 years.

With growing concerns for clean air, the large coal fired power plants became a favorite target of the environmentalist. Many coal fired power plants converted to cheap natural gas or fuel oil rather than import low sulfur Western coals or clean up their stacks while using high sulfur Eastern coals.

The Environmental Protection Agency controls on automobiles have increased the gasoline consumption nearly 10 percent by lowering the efficiency of the automobile engine in an effort to control air pollution.

If all of these actions had been perpetrated by a group pushing the relatively clean nuclear power, it might be easier to understand. Because of their thermal pollution and radiation risks, nuclear power plants have been delayed and harassed almost as much nuclear devices to stimulate natural gas proas new oil refineries. Experiments to test nuclear devices to stimulate natural gas production in western Wyoming have been blocked for similar reasons.

Solar, geothermal, and fusion power as significant factors in the national energy supply are only dreams for sometime in the far distant future. The solutions for today and the immediate future will involve Wyoming's natural gas, crude oil, coal, uranium and shale oil.

The Arab nations, by their oil embargo, only pushed us into a hole we had already dug for ourselves. The world, and particularly the United States, cannot afford the unreasonable demands being made on natural gas and crude oil because of their ready availability and, until recently, their low prices. Some studies have estimated Wyoming coal reserves at more than 400 billion tons of coal. The energy potential of this much coal exceeds all the world's known oil reserve. Long term prices of $10 per barrel for crude oil, like recent Middle East prices, and one dollar per 1,000 standard cubic feet for natural gas, like the United States has recently offered the Soviet Union, instead of our 16.2c would benefit Wyoming more than any other state in the Union. Such prices would not only triple Wyoming's tax income from minerals, but they would stimulate the development of uranium, coal, and shale oil. Perhaps Wyoming could apply for membership in the Organization of Petroleum Exporting Countries. Wyoming does export close to 90% of the oil we produce.

THE CONSUMER ENERGY ACT OF 1974

Mr. STEVENSON. Mr. President, the Senate Commerce Committee has been at work for several months on a major legislative effort to restore the conditions of a free market to the oil and gas industry. The purpose of the Consumer Energy Act of 1974 is both to restore competition to the industry and help bring supply back into balance with demand. Until then this act would protect the economy from energy inflation by controlling the wellhead prices of oil and gas in those sectors of the energy market where competition and the laws of supply and demand cannot do the job.

The act is now being marked up in the Commerce Committee. If we do not proceed on such a moderate path as this act proposes, an indignant public will in time insist upon drastic steps to assure an adequate supply of energy at reasonable costs. Already demands are heard from many quarters that the oil industry be fully regulated or nationalized.

I do not believe that either is the answer. But the need for action is manifest.

The cost of living continues to go up.

The wholesale price index in March rose at a 15.6-percent annual rate. That means more energy-induced inflation is on the way.

Rising energy prices hit our economy at every stage of the manufacturing and marketing process. They hit essential public services. Schools must lay off teachers to pay the energy bill. The prices have a reverberating impact—a multiplier effect—that buffets our national economy and our entire system unmercifully.

The principal cause of this appalling inflation is the cost of energy. Wholesale fuel costs rose at an annual rate of 57 percent in March. The cost of refined petroleum products was up 146 percent over a year earlier. The public is acutely conscious of energy costs at the gasoline pump, but not yet of its high cost in the price of every other commodity and service. Energy costs account for 30 percent of the cost of food; 17 percent of the cost of steel. This inflation throughout the economy caused largely by energy costs and certain to get worse, could be the source of social unrest, as well as severe economic distress.

The major oil companies make a convenient target. But we must acknowledge that the great petroleum companies are not alone to be blamed. They exist to serve their stockholders—not necessarily the national interest. If they act in a way that maximizes profit to the exclusion of national welfare, they are simply acting in what they think is their self interest. We should not be surprised—nor outraged—but well aware by now that what is good for Exxon is not necessarily good for the country.

The oil companies have been maximizing their profits. The price of gasoline rose 12 to 15 cents per gallon in 1973; the industry proposes to raise it at least 10 cents in 1974. The price of other petroleum products is increasing even more sharply.

For every penny the price of a gallon of gasoline is increased, $1 billion more flows into the coffers of the oil industry.

At this rate, revenues gathered by the major oil companies which increased by more than $24 billion in 1973 will increase at an even higher rate in 1974.

There is no way such huge amounts can be spent on new exploration and development for oil and gas. And if the oil companies were to take over the alternative sources of energy, including coal, shale, nuclear, and the more esoteric sources of energy like solar and geothermal, then a vertically integrated industry would become horizontally integrated also, and the Nation would be even more exposed to its mercies.

When adjustments are made for different accounting procedures, it will be found that the profitability of this industry was among the highest of all industries even before it took advantage of decreased supply to increase prices.

The major oil companies are concerned with profits as we might expect of any "for profit" corporations.

But when those large and growing profits have such enormous impact on the public interest, to whom shall the people turn?

The answer is obvious: to those who are elected to represent the people and guard the public interest—the President and the Congress. When the first quarter profits of the major oil companies are announced in another week or so, the people will look to the Government for relief.

Yet, President Nixon offers no relief, only more of the same—more tax breaks for this most pampered industry; still higher profits for the industry; more public lands to plunder; more license to pollute the air, more inflation, more unemployment—and more shortages. The administration and the major oil companies threaten, Samsonlike, to bring down the American economic temple upon our heads.

The President proposes a so-called excess profits tax which is nothing more than an excise tax—another tax to be levied on the price of crude oil, another cost to be passed on to the consumer. He vetoes the Emergency Energy Act, which includes 12 of his 17 vaunted energy programs, because it rolls back prices, reduces excess profits, and helps the beleaguered consumer. And then he blames the Congress for inaction.

When all is said and done, the President's prescription is higher prices for industry, agriculture, and the citizen—and blame for the Congress. The consumer—industrial, agricultural, and individual alike—and the Nation, will be left literally to the mercies of a few large international corporations—unless the Congress acts.

Just how vulnerable we are to the whims and vagaries of the heavily concentrated and interconnected major oil companies has become obvious in recent months.

Major oil companies have refused to import crude oil to the United States, because a Federal program required them to share a small percentage of their oil with smaller refiners. They cut off supplies to the United States at the height of the gasoline shortage in order to sell oil for larger profits abroad. These are the same multinational oil companies whose profits in 1973 increased upward of 56 percent as a result of the shortage they helped create. They sell crude oil abroad, then operate their refineries in the United States at 76 percent of capacity, and claim they have insufficient product to supply our needs. They spend large sums to advertise their virtue—and cut off fuel to U.S. Armed Forces during the recent Middle East conflict.

They have built refineries and production facilities abroad and left the United States without sufficient domestic production and refining capacity. As early as 1928, it appears the major oil companies were conspiring to control supply and set artifically high prices for crude oil in international commerce. As foreign crude prices go up their profits on foreign operations go up—and so they cannot be depended on to negotiate with the governments of the oil rich nations for lower prices. They cut off supplies to independent refiners and marketers, eliminating the litfle remaining competition in the domestic oil industry.

They act from ignorance or under duress from foreign governments. They are not purposely malicious. Their motive is profit, and nothing is wrong with that. But their motive is irrelevant. For whatever reasons, these companies can decrease supplies at will and drive up prices. They can and do withhold vital natural gas production in the Gulf of Mexico in anticipation of the higher prices promised by the Nixon administration. They have it within their power to use energy shortages, real or contrived, to drive up prices with disastrous consequences for the entire economy.

The price of oil is determined with little regard to production costs and with little impact from competition. The price of foreign crude oil is established by the governments of foreign oil-producing nations. The Nation is already dependent for over one-third of its oil on foreign crude. The price of domestic oil is established by the 20 oil companies which control almost 74 percent of the Nation's domestic oil production and 86 percent of the Nation's refinery capacity. The 20 largest natural gas companies, the same companies for the most part, control over 70 percent of the gas sales to interstate pipelines. These companies which dominate the production of oil and gas also control the pipelines and marketing of oil.

From Iran to the local gas pump competition does not operate in the petroleum industry to determine the price or the allocation of scarce energy supplies. Since energy is essential and the demand for it, therefore, relatively inelastic, foreign governments and a few vertically integrated and interrelated corporations can take advantage of shortages, which they have the power to create, to drive up prices at every stage in the production and distribution processes.

If the energy crisis makes anything clear at this point, it is simply that these

companies, acting as they do through joint ventures, interlocking directorates, and exchange agreements, can at will decrease production of essential oil and gas supplies to create larger profits for themselves and severe inflation for everyone else. The eight largest have now been charged by the Federal Trade Commission, after an exhaustive study, with monopolistic practices.

To offer the people no better hope than high prices and more high prices along with belated and mismanaged allocation programs—while the major oil companies grow fatter—offends our sense of justice. And the high prices cannot be justified as a price for free enterprise—because there is little free enterprise in this largest and most basic industry. Indeed, the higher prices and profits for the majors will make it easier for these companies to take over, or drive out, the remaining independents at every level.

A government policy of consumer *gouging is* a prescription for economic disaster and political instability.

The Consumer Energy Act of 1974 is a workable alternative to the Nixon administration's policy: A consumer energy program that offers immediate relief for the Nation's consumers and a rebirth of competition in the Nation's oil and gas industry. It is a comprehensive, practical program fair to both the public and the oil industry.

The Consumer Energy Act of 1974 aims to revitalize the free enterprise system by strengthening the market position of thousands of small, independent oil and gas producers. The act would remove price controls from the vast majority of the Nation's producers, while providing the reformed and simplified regulation that is needed to protect the consumer from the 20 major oil and gas companies which now dominate every segment of the petroleum industry—production, refining, the pipelines, and distribution.

The act will more fairly distribute the burdens of the energy crisis; infuse vitality and competition into the oil industry; and develop, for the future, increasing energy supplies at reasonable prices. It offers the kind of action the American people want.

Senator MAGNUSON, chairman of the Senate Commerce Committee, and I are chief sponsors of the bill. More than 20 other Senators have already expressed their support for this approach.

First, we propose an immediate rollback of petroleum prices for the major oil companies.

On December 19, the Cost of Living Council permitted the price of old flowing oil to rise from $4.25 to $5.25 per barrel—a $3 billion per year Christmas present to the oil industry. Even before that, the adminstration had removed all price controls on so-called new oil—allowing an increase in new oil prices from $3.40 to more than $10 per barrel in less than a year.

The justification given for such price increase was the need to increase supplies. Yet, it is the Nation's smaller independent producers who account for approximately 75 percent of all the exploratory drilling for new gas and oil. It is the independent producers who are most likely to use the capital from price increases to reinvest in further new drilling.

In the hands of the major oil companies, such price increases are unconscionable and unjustified. The massive influx of dollars into the treasuries of the majors is already far beyond their ability to invest in expanded exploration.

We propose, therefore, a rollback in the price of all domestic crude oil produced by major oil companies to December 1 price levels. At these levels new oil produced by the top 20 majors would sell for approximately $7 per barrel, and old oil at $4.25 per barrel.

This action will leave the great majority of the Nation's oil and gas producers—the independents—free to compete with each other and grow stronger as the major force in the marketplace for increasing supply, while reducing the majors' excess profits.

Second, we propose regulatory reforms which will revive competition in the energy marketplace—and, while reviving competition, protect the consumer from price-gouging.

Consider natural gas. Only 1½ percent of the Nation's 4,700 producers account for 85 percent of the Nation's natural gas supply. We propose to remove Federal Power Commission wellhead price controls from the small producers who compete and deserve a price incentive, because they conduct most of the Nation's exploratory drilling.

Meanwhile, we propose to continue regulation of the major oil company producers and streamline the Federal Power Commission's regulatory procedures to eliminate "regulatory lag."

Wellhead price controls are also needed to protect the consumer from the same major companies in the oil sector of the industry. The FPC is therefore given authority—to establish wellhead oil prices which will assure these 20 major oil companies recover their costs and a reasonable return. The bill would provide a finely tuned regulatory scheme applicable only to those large corporations whose anticompetitive position requires such controls.

There are over 10,000 oil and gas producers in the Nation. Yet the top 20—a mere 0.2 percent of all the producers—control over 74 percent of all the Nation's oil and gas production. By deregulating the other 9,980 producers, their relatively small market share will increase, competition will be encouraged, the 20 largest oil companies will be guaranteed a reasonable rate of return, the consumer will be protected against the ravages of uncontrolled energy inflation.

Since oil and gas are substitutable fuels and often produced in association with each other and by the same companies, the same regulating agency would apply the same procedures to both. Regulation would be harmonized and centralized in one independent agency.

To avoid diversions of oil and gas from the interstate to the intrastate markets, the controls would apply in both. The distinction between the two is artificial; the energy shortage is national—but supplies are regional. A national regulation of prices charged by major companies, all of them in national commerce, is essential.

These price controls would replace the rollback mentioned earlier. They guarantee the major corporations a reasonable rate of return; they protect the consumer against price extortion—and help create a free enterprise system in the oil and gas industry.

Third, we propose a Federal Oil and Gas Corporation—a TVA for energy—a supplier that could hold down prices; increase competition; inventory the Nation's public oil and gas resources; and deal with other producing nations on behalf of the United States.

It is time to create a national enterprise whose only concern is not profit, but the national interest. And it is time to develop public oil and gas resources for the benefit of the public. The public domain contains 50 to 75 percent of all the Nation's oil and gas resources.

The people own these resources; yet the Government knows very little about their location or extent. It leases national forests to oil companies for 50 cents an acre and for 10-year lease terms without any idea of what it is giving away or whether the environmental price is worth paying. One naval petroleum reserve appears to contain at least 30 billion barrels of recoverable oil. At $10 a barrel the stakes are not inconsiderable. The Federal Oil and Gas Corporation would be able to inventory these bountiful public resources, and determine their value before they are exploited by the major oil companies.

Through its oil and gas production from Federal lands, the corporation could provide additional fuel supplies to independent refiners and independent marketers who, once again, could compete with the major oil companies. It would develop and produce oil and gas from the public domain by methods that are environmentally sound and maintain strategic reserves. Never again would the Nation's oil and gas supply be determined by a handful of multinational corporation vulnerable to the pressures and policies of foreign governments. Its profits would go to the Treasury. Its existence as an assured supplier of crude oil would probably stimulate the construction of needed refineries, and if they were not constructed, it could construct refineries itself and supply independent marketers with refined products.

This corporation would stimulate competition in the oil industry—in its production, refining, and marketing segments. It would offer the public a reliable yardstick on production costs. It would give us a way of checking, through actual experience, the efficiency and pricing performance of the private oil companies.

And it would represent the Government in direct negotiations with foreign producing countries for foreign production facilities and for the purchase of crude oil.

No other advanced nation leaves itself to the mercies of multinational oil companies as does ours; most already have oil companies owned wholly or in part by the Government. Most of these companies are highly efficient.

Fourth, we propose a system of fair access to petroleum pipelines by all members of the petroleum industry.

At present, petroleum pipelines are the private preserve of the major oil companies. They are, for the most part, owned by a few of the largest majors. Yet they are the lifelines upon which independent producers, refiners, and marketers, in fact the Nation, all depend.

We propose to make the oil companies common carriers in fact as well as in name. Only thus can all shippers and receivers obtain fair access to the pipeline network.

Fifth, we propose that Federal lands be leased to oil companies under a new system of royalty bidding that requires development of the leases or their forfeiture.

In the past, valuable Federal oil, and now oil shale, leases have been won by "bonus bidding." This system requires an enormous capital outlay by the bidder—so large that even most major oil companies band together in joint ventures. This old bidding system raises a price barrier that only the major oil companies have been able to cross successfully. And when the leases are acquired, they frequently are held with nominal production or cash payments. They are not developed expeditiously and produced. Almost one-third of the commercial natural gas wells in the Gulf of Mexico are shut in now. Apparently the oil companies are in many cases waiting for the higher prices promised by the Nixon administration.

Under the royalty system bidders would offer to the Government a share of the oil recovered—or a combination of cash and oil. The royalty to the Government would be paid—in part at least—out of future production. Development and production would be required.

By moving toward such a system, we can open up the rich Federal domain to the independent oil company, increase production and over time the income of the Federal Government, too.

Sixth, we propose, on behalf of the small gasoline dealer who must deal with the major oil companies, a major reform of the franchise system.

Hundreds of thousands of the Nation's independent gasoline dealers have invested their time and money in gasoline stations which sell oil products at either branded stations leased from major oil companies or independently owned stations often unbranded.

This bill protects station operators—both branded and unbranded—from the massive economic power of the major oil companies, the power to give and the power to take away. It protects the small gasoline dealer by forbidding sudden, arbitrary termination of his lease or franchise.

Seventh, we propose reform of the current energy-wasting rate structure for natural gas and other forms of energy.

In the past, when we imagined our supplies of energy to be limitless, the Federal Power Commission and other agencies adopted rate structures that encouraged waste. As consumption went up, utilities charged less for each unit of energy used.

The time has come to reverse priorities. We propose graduated rate increases for increased consumption to encourage conservation rather than waste and lower rates for residential users than industrial users.

Eighth, we propose a full and honest accounting from the Nation's petroleum companies.

If we are to restore the Nation's faith in a workably competitive energy industry and make policy wisely, then we must have the facts—facts about supplies and reserves; facts about the major oil companies' financial condition; facts about exports and imports; facts about actual production costs. All these facts should be gathered in a timely manner and made public. Our bill requires collection of this information and public disclosure.

The energy crisis is not a crisis of nature; there is abundant petroleum in the earth and under the sea for near term requirements. It is a crisis of our economic and political machinery. The crisis began with failures and misuses of that machinery—and we can find solutions only by changing and improving that machinery.

This legislation is a start toward making those necessary changes. More needs to be done. The Nation must have an energy ethic which emphasizes the conservation of energy. It must develop alternative sources of energy. This legislation is a beginning—and a proposal for action and relief now.

If we fail to act, the entire cost of the energy crisis will fall upon the American people; and that cost could be written in lurid letters of economic and political collapse.

The energy crisis, and the public frustration and outrage it has produced, are a kind of handwriting on the wall. The message is this: If this country continues to suffer at the hands of one large, concentrated, interconnected and unaccountable industry, public patience will run out—and that industry may someday be totally regulated, broken up, or even nationalized. I do not want to see that happen. I want to see the free enterprise system preserved and encouraged. I want to see it work. And I believe most of the American people still feel the same way.

A DEAD END BUDGET FOR "SESAME STREET"?

Mr. HUMPHREY. Mr. President, two excellent children's television programs, "Sesame Street" and "The Electric Company," face the threat of being terminated. The Children's Television workshop, a nonprofit organization which produces both programs, has suffered severe budget cuts which place these two fine programs on a much less secure financial footing than in prior years.

The U.S. Office of Education reduced the workshop's grant from $6 million in fiscal 1973 to $3 million in fiscal 1974. In addition, the Ford Foundation has reduced its financial support to the workshop.

These cutbacks have left the Children's Television Workshop with a budget deficit and a decimated staff. The initial effects of the cutback were the elimination of 36 staff positions, a great reduction in experimentation and creativity for these shows, and a curtailment of research in such areas as animated and live action films.

Information obtained from the Children's Television Workshop indicates that it had anticipated a gradual withdrawal of funds from Government and foundations as it grew more self-sufficient. But the termination of funds from the Office of Education was far from gradual, and has done great damage.

The cutbacks already made by the workshop will reduce expenditure by about $2 million, leaving a budget of only $10.2 million.

That $10.2 million budget is to be met by the $3 million grant from the Office of Education, $5 million from the Public Broadcasting Corp., and $1.7 million from product royalties, overseas broadcasting rights and show royalties—leaving a deficit of $500,000. And the Program Corp. of the PBC may furnish only $4 million instead of the $5 million requested, leaving a $1.5 million deficit.

In terms of the total Federal budget, the $3 million cutback in the Office of Education funding is almost unnoticeable. However, it is so very important to the future of programs like Sesame Street and the Electric Company. And it is typical of the nearsightedness that has been chronic in many of the agencies since this administration took office. The education and well-being of our children should be one of the top priorities for those of us in Government.

Sesame Street and The Electric Company are instilling a love of learning and of people in preschool children, some of whom would never have received it otherwise. We cannot afford to neglect these efforts.

Sesame Street and The Electric Company were rated No. 1 and 2, respectively, in a recent poll of public television broadcasters taken by the Program Cooperative. They finished with ratings of 4.8 and 4.7, respectively, on a 5-point scale in the category of children's programing.

So the children feel these programs are good, the broadcasters feel they are good, and the parents I have heard from feel they are fine influences for learning upon their youngsters. We should not deprive the children of this country of the joys of singing their ABC's or of learning to count from "Big Bird." I urge the support of my colleagues for restoration of the budget cuts by the U.S. Office of Education to the Children's Television Workshop.

PENSION REFORM: A CONGRESSIONAL FAILURE

Mr. HARTKE. Mr. President, I should like to bring to the attention of my distiguished colleagues, an editorial written by one of this country's leading authorities on the private pension system, Dr. Merton C. Bernstein. His brilliant analy-

sis of the two pension bills passed in the House and Senate respectively, concludes that these so-called "reform" bills are a sham. This legislation, in Dr. Bernstein's words, is an "insult added to injury" to the working men and women of America who have found through tragic experience that a hard-earned pension is in the overhelming majority of cases, a broken promise at the time of retirement.

Almost all of the issues and provisions Dr. Bernstein attacks in these bills as too weak or ineffective, would have been corrected if my legislation on pension reform had been adopted by this Chamber. Here is a summary of why my proposals were.

1. PENSION BENEFITS

Full benefits upon retirement after 5 years with the same employer; the Senate bill provides 100 percent of the pension after 15 years with the same firm, 50 percent after 10 years, and 25 percent after 5 years.

2. SURVIVOR'S BENEFITS

Widows would receive 50 percent of husband's full benefit; the Senate bill permits a widow to receive a benefit only if her husband had elected to receive a smaller pension payment during his lifetime. In that case, her payment would be half of her husband's reduced pension.

3. CREDIT FOR PART-TIME AND OCCASIONAL WORK

All periods of employment would count toward eligibility for a pension. The Senate bill requires 5 years of full-time uninterrupted service with one employer to qualify for only 25 percent of the pension.

4. GRIEVANCES

A simple, inexpensive administrative procedure would have been established to protect employees from improper discharge by firms attempting to avoid their pension obligation; the Senate bill requires a worker who, for example, was discharged 2 months short of qualifying for 25 percent of his pension, to bear all costs in pursuing his grievance through the courts.

5. PORTABILITY

The establishment of a national pension system allowing full transfer of pension benefits when an employee changes jobs; the Senate measure leaves the question of credit for past employment entirely in the hands of the employers.

6. INSURANCE OF PENSION FUNDS

Retired workers would receive a pension equal to 80 percent of their highest average wage over 5 years should an employer go out of business or $500 per month, whichever is less; the Senate bill provides insurance up to only 50 percent of the worker's highest wage over 5 years.

If Congress is going to improve its image with the public, it is going to have to pass better people-oriented pension legislation.

The unsettling reality of these non-reform bills is that another chance at effective and meaningful pension reform probably will not come along for at least another decade. In the meantime, the suffering will continue, the complaints will contine to mount, and the U.S. Congress will continue to bear the responsibility.

Mr. President, I ask unanimous consent that the article, "Pension Reform: Insult Added to Injury," by Prof. Merton C. Bernstein, be printed in the RECORD.

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

PENSION REFORM: INSULT ADDED TO INJURY
(By Merton C. Bernstein)

Reforms that don't reform much are an all too familiar phenomenon in Washington, and we are about to be favored with a classic addition to the breed.

The latest non-reforms are contained in Senate and House bills supposedly designed to correct flaws in private pension plans. There has been considerable clamor about such plans since it was disclosed in 1971 that the vast majority of pension-plan participants never received any pensions from them. Here was a problem that clearly needed fixing, with the public assuming reform pressure would come from the labor movement.

Unfortunately, though, the necessary labor backing for significant reform never materialized. On the contrary, big labor generally has supported some of the worst features of the House and Senate bills, evidently finding it in its interest to join with big business in restricting worker protection. Former employees, after all, are also *former* union members, and pensions usually are the most expensive fringe benefit to be negotiated. To win sizable wage boosts for current members as well as pensions that actually provide pensions at all, let alone respectable benefits, labor apparently is willing to limit eligibility to a minority of workers.

The upshot is that, barring a last-minute switch in the conference committee, the measure that emerges will be weak and misleading, and another chance at effective reform probably won't come for at least a decade.

LEAVING EMPTY HANDED

The central problem with private pension plans lies in their vesting provisions, which give workers leaving a plan before retirement age a claim to pension benefits later when they do retire. Not that most plans lack vesting rights; in fact, three-quarters of all participants are in plans that confer vesting after 10 or 15 years of service. The catch is that most people separating from plans cannot meet the 10- or 15-year requirement.

This became clear in the Senate Labor Committee's 1971 study of 1,500 plans that had 6.9 million participants between 1950 and 1969. Committee sampling showed that of the 5.2 million workers who had departed from the plans in those years, a mere 3 per cent actually obtained any benefits, and only 1 per cent achieved vested rights.

The tale was dismal for both the 10-year and 15-year vesting plans. The committee found that of those leaving plans with 15-year vesting, 92 per cent went empty-handed. Of those separated from plans with 10-year vesting—the most liberal in common use—73 per cent went without a dime. All this is in addition to other national data showing that a large portion of such separations is involuntary.

The main task, then, was to strengthen vesting rights—perhaps starting, as some suggested, with 50 per cent vesting after five years of credited service and going to 100 per cent vesting after 10 years—and to effectively prevent any firings by bosses seeking to exclude workers from pension eligibility.

But the vesting provisions of the Senate and House bills do little to change the current flaws. In fact, estimates done for the Senate Labor Committee show that the several formulas would hardly increase pension plan costs at all for those with 10-year vesting and only by minuscule amounts for those with 10-year vesting or with no vesting at all. The simple reason is that the formulas would not give substantial additional protection to the great mass of workers separating from plans; where they might salvage some benefits, they would be minute.

THE SENATE BILL

The Senate non-reform bill, for example, was passed last September by a unanimous 93 to 0 vote, which suggests how innocuous it is. On the crucial point of vesting, it would exclude all years of work before age 25, despite the fact that the overwhelming bulk of blue-collar and gray-collar workers and many white-collar workers take full-time jobs when they are 16, 17 and 18.

After five years of *credited* service are achieved by age 30 (which means perhaps 12 to 14 years of actual work for a semi-skilled factory worker), the employee would be vested for 25 per cent of a normal benefit. For each subsequent year an additional 5 per cent would vest, reaching 50 per cent after 10 years of credited work, and then by 10 per cent annual additions culminating in 100 per cent after 15 years of credited service.

To some, this 25 per cent vesting after five credited years might seem like a reasonable step in the right direction. But it actually means paltry benefits.

An October, 1973, survey by the Bureau of National Affairs showed that most existing blue-collar pension plans pay a benefit of $4 to $6 a month for each year of credited service. This means a full benefit for an employee with five credited years under a $6 plans would pay $30 a month. Under the Senate 25 per cent formula, only $7.50 a month would be salvaged, for a grand total of $90 a year—payable many years after separation and after erosion by inflation.

A white-collar worker with a $10,000 job would do little better. The BNA survey found that their plans pay 1 to 2 per cent of final average salary for a year of service. So a typical plan for a $10,000 worker, at 1½ per cent, ordinarily would yield $750 a year; the Senate, 25 per cent formula salvages $187.50 of this.

Theoretically, separated employees could obtain several such benefits in a working lifetime. But government studies show that the bulk of those losing pension-covered jobs obtain other positions, if any, that provide thin or no fringes. A joint Treasury-Labor department report last fall confirmed this: "Only half of the men aged 50 or older who were employed 10 or more years were vested." In addition, substantial numbers of older workers had under 10 years of service in their jobs. Once a person loses a job, he or she is vulnerable to layoff due to low seniority.

But, the claim is made, at least long-term employees would receive the protection of vesting. As noted, substantial service can be excluded. Moreover, the Senate vesting provisions would not take effect for anyone until 1976, adding almost two years to the service required. For collectively bargained plans, the provisions wouldn't begin until 1981 or when the pension plan in effect at enactment expires. This would add two to seven years to the vesting requirements for many. In the auto industry, for example, the current collective agreement expires in 1976—but the pension agreement runs until 1979.

The Senate bill, like the House version, prohibits discharge to prevent the achievement of pension eligibility, a protection of particular importance to non-union workers. But the provision seems to put the burden upon the employee to prove that the motivation (a near impossibility except in the most blatant cases), and neither bill provides a rapid and inexpensive procedure to enforce what dubious rights are given.

If the Senate bill is weak, the House measure is weaker.

The House bill requires one of these vesting formulas, but the choice is left to employers

and unions, if any is in the picture. They can pick the Senate formula, straight 10-year vesting (under which 73 per cent of those separated left without a penny, it will be recalled), or the "rule of 45." This rule would confer 50 per cent vesting when age and credited services total 45, with at least five years of credited service required.

It is only natural that employers would choose the least expensive, and thus least protective, plan. Experience shows, too, that unions often go along with companies on this, concentrating their efforts instead of wage increases or higher pension benefits for a lucky few.

The Senate Committee did not price these alternatives, but its actuary did make estimates for slightly more liberal and restrictive versions. These show that their estimated added costs would be slight. Moreover, by winnowing out older workers, the "rule of 45" could be made meaningless for many in the absence of protection against discharge without cause. Hence a net gain for vesting would be slight to non-existent, while the already difficult employment problems of older workers might well be exacerbated.

But there is more. In addition to the delays in the Senate bill, the House version would phase in vesting so that in the year it must begin—perhaps as late as 1981—only half of the Senate formula need apply. In other words, the $90 a year for blue-collar workers and $187.50 for white-collar workers previously noted would be cut in half. In each subsequent year, an added 10 per cent would be required, so that the full formula—no great shakes to begin with—could be delayed until 1985.

If all this were not bad enough, the House bill also allows exclusion of all years worked before 1969 if, starting with Jan. 1, 1969, an employee had not achieved at least five years' service.

Under many plans, large numbers do not obtain a year's credit in a 12-month period because work is not available due to seasonality or layoffs. Instead some fraction of a year's credit results. Such employees could be denied all of their years of service before 1969 for pension purposes under this provision. Other breaks-in-service provisions are equally, if not more, threatening to credits for past service. Long-term employees—those allegedly protected—would be the victims.

In sum, the vesting provisions of both measures—and especially the House version—would prove as unprotective and disappointing as the plans they purport to reform. And the AFL–CIO, pressed by several large unions, generally pushed for the same limits on vesting and funding as did business. What they differed over was "reinsurance," or a government system to make good on benefits when plans end with insufficient funds. Unfortunately, the House bill limits that insurance to those benefits required by the measure's mandatory vesting provisions, which are skimpy and, ironically, especially delayed when bargained.

THE BIG LOSERS: WOMEN

Pension plans were designed to pay off to the largely male workers who put in long periods for one company or group of companies. The majority of these men will be losers, but an even larger proportion of women will lose out as employees and as their husbands' survivors.

More women work than ever before. When retirement comes, a substitute for their pay is just as necessary as for men's, otherwise their own and their family's standard of living will decline. But published data show that women have shorter job tenure and hence less chance to achieve vesting. The vesting weaknesses thus fail women even more than they do men (except that married men also depend upon their wives' earnings). As women generally live longer than men, they face long periods without their husbands and, if the men have been among the lucky ones, their husbands' pension. Perhaps 1 per cent of all women get private pension widow's benefits.

Neither the Senate nor the House bill effectively improves this showing. Both require plans to provide retirees with a choice to take an undiminished benefit during their own lifetime or a reduced lifetime benefit plus a survivor benefit. Such "joint and survivor options" already are common among pension plans. The hitch is that few employees choose to provide assured income for the surviving spouse.

If women are the chief losers, the well-to-do are the chief gainers.

A year ago the Treasury Department reported that only 23 million employees participated in pension plans, considerably below the commonly advertised 30 million to 35 million. Sparsity of coverage obviously makes it more difficult to achieve vested pension credits. Moreover, as Frederick Hickman of the Treasury noted in a recent article, taxpayers in the upper 8 per cent now obtain half of the tax benefits given to private pension plans (the break flows from the tax-free nature of earnings on plan reserves) while the lower half "enjoy" 6 per cent of those benefits.

To "rectify" this situation, both bills enable those without pension coverage to make tax-sheltered retirement investments of up to $1,500 a year. Unlike the Keogh plans for the self-employed, those who voluntarily choose to do so need not make any retirement provision for other employees. Many self-employed will have no difficulty in finding $3,000 (per couple) to invest in this new way. Canadian experience shows that upper-income taxpayers use and benefit disproportionately from such arrangements. Those most in need of benefits to supplement Social Security cannot play in this game.

WAIT TILL NEXT YEAR

There are other serious shortcomings as well:

Neither bill meets the acute problem of inflation, which could be eased considerably by mandatory portability. The final bill should require that the value of vested credits for separating employees be deposited to an account in the employee's name at a national pension clearing house, where the money would work to improve benefits for that individual rather than reduce the cost to the employer of the plan he left.

Neither bill prevents fund managers from dealing with employers who establish the plans—fertile ground for corrupt practices. Indeed, the House bill expressly permits "self-dealing (so-called because the plan administrators are chosen by the company), provided only that market value be paid. Experience amply demonstrates that this is an entirely inadequate safeguard.

Proponents of the current measures argue that one must accept a less than ideal bill. But what appears to some as half a loaf seems to others more like crumbs. The rationalization that the current bills are only a beginning to be built upon and improved is a dangerous delusion. Once Congress enacts a measure it will be spent and will not soon nerve itself to another similar effort. The last pension reform legislation, requiring certain disclosures by plans, was passed in 1958 and provided no realistic protection. The optimistic view is that any further follow-up legislation would come in another 10 years. Unless the grave weaknesses of the current measures can be greatly improved in conference, Congress would be well advised to "wait 'til next year."

OUR VETERANS DESERVE BETTER

Mr. HUMPHREY. Mr. President, March 29, designated as Vietnam Veterans Day, reminded us that 1 year ago the United States terminated its direct military involvement in the Vietnam war—the longest war in America's history, in which some 2.5 million men saw service. But what this day should have brought forcefully to public attention are the urgent problems confronting a great number of the 7 million veterans of the Vietnam era—including the 40,000 men who returned disabled.

I want to discuss at this time an agenda for action by Congress, addressed to the following issues of deep concern to all of America's veterans:

Adequate GI bill educational benefits, brought in line with soaring tuition costs;

Programs to meet the urgent need for jobs and income;

Adequate and immediately accessible health care;

And increases in disability benefits and dependency and indemnity compensation, as well as the protection of veterans pensions, in response to sharp increases in the cost of living.

1. A $270 MINIMUM MONTHLY EDUCATIONAL BENEFIT

In contrast to our veterans of World War II and Korea, veterans of the Vietnam era cannot afford the costs of the education they deferred while serving their country, and they confront public apathy toward their critical need for jobs and a fair opportunity. The young veteran confronts a classic "Catch-22" situation: To get a better job he needs to continue his education; but his GI bill benefits fall far short of meeting the costs of that education, and all too often he cannot even find work to supplement those benefits. On top of this, he frequently finds his application for various forms of assistance to which he is entitled, snarled in redtape with payment from the Veterans' Administration delayed for weeks on end.

2. SURVEY OF VETERANS BENEFITS

Last fall, the Educational Testing Service made an independent study of veterans benefits for the Veterans' Administration, but the Veterans' Administration promptly rejected the conclusions of that study. The study laid out certain basic and irrefutable facts. In 1948, GI's received tuition up to $500 per year paid directly to the colleges. At that time, this tuition charge covered nearly all public colleges in the United States and 89 percent of all private colleges. In addition, the veteran received $75 per month for personal living expenses.

Today, the Vietman vet using the GI bill receives a flat payment of $220 per month to cover all of these expenses—educational and noneducational. This $220, when adjustments for dollar value are made, represents, ironically, the World War II veteran's living allowance alone. This is simply unfair and it ought to be corrected without delay.

In my State of Minnesota, a veteran attending the University of Minnesota, paying $676 tuition and fees and the U.S. average $216 for books, would have $121 per month on which to live. If he chose one of five State colleges with a mean tuition charge of $455, he would

have $146 per month on which to live. This is simply inadequate.

3. NEED TO CORRECT INEQUITIES

It is imperative that Congress act without delay to correct these disparities and to provide a realistic educational opportunity for veterans. Words of praise are no substitute for a decent education. I am a joint sponsor of two key bills in the Senate, S. 2784 and S. 2786, which would provide our veterans the realistic level of assistance they require. Under this legislation payments to veterans enrolled in schools and training institutions would be raised by 23 percent—as contrasted with an increase of 13.6 percent in legislation recently passed by the House, and an increase of only 8 percent proposed earlier by President Nixon. The Senate bill would amount to an increase for a single veteran from the maximum of $220 a month to $270 and for a married veteran from $261 to $321. It would also authorize low-cost Federal loans for veterans of up to $2,000 a year. The second bill would extend the time within which GI bill training must be completed from 8 to 15 years and it would increase the maximum entitlement from 3 years to 4 years.

In addition, I have cosponsored S. 2789, the Comprehensive Vietnam Era Veterans Education Benefits Act, which proposes a different and more equitable method of assisting veterans to meet educational expenses.

Mr. President, our younger veterans confront seriously limited choices in pursuing a higher education. They must stretch their benefit payments to meet the costs of public institutions, but they are effectively excluded from attending private institutions of higher education due to a general tuition increase of 500 percent in the United States since the late 1940's. I urge that Senate consideration of legislation to address these problems effectively, be expedited.

I also urge early congressional action to provide for appropriations for the veterans cost of instruction program under the Higher Education Act. The Nixon administration has again failed to request funds for this vitally important program, in its fiscal 1975 budget. However, this program has greatly increased the participation rate in the GI bill program in many cities and provided enrollment, counseling, and remedial course assistance to thousands of veterans. It has been the key to the establishment of special veterans offices at our colleges and has assisted these institutions in handling the actual costs of education.

4. THE RIGHT TO A JOB

A second area demanding forthright congressional action is that of opening critically needed job opportunities for our veterans. Younger veterans confront an unemployment rate of over 10 percent. They have been hard hit by the additional impact of the energy crisis with unemployment increases tied to their lack of job seniority. It is reported that increasing numbers of Vietnam vets are joining early morning lineups to get on the Nation's welfare roles. I have found this inexcusable, where Government fails to act out of a simple respect for human dignity.

Our veterans ask no more than a fair chance—the opportunity to help themselves, to work and to know the security of an income and hope for the future. And it was precisely to address this urgent problem that early in the 93d Congress I introduced legislation, S. 705, to establish a major program of job opportunities in the public sector, and giving priority to the employment needs of our veterans. A similar provision for priority consideration is included in the Energy Emergency Employment Act, S. 3027, which I introduced 2 months ago, and which proposes a comprehensive program of employment and training assistance in both the public and private sectors. I remain hopeful that such further legislative initiatives can be pursued in the present session of Congress, beyond the comprehensive manpower training and public service jobs bills enacted last year.

5. VA HOSPITAL CARE

Mr. President, no veteran who needs hospital care should be turned away from a VA hospital. However, all Senators are aware of repeated reports of hospital admission denials, apparently resulting from restricted budgets and personnel limitations. Last year, Congress passed major legislation, the Veterans Health Care Expansion Act, but we subsequently confronted incredible delays by the Veterans Administration in submitting its budget request to cover deficiencies in the VA's ability to meet its responsibilities to provide quality health care to eligible beneficiaries. Meanwhile, the Department of Medicine and Surgery in the Veterans Administration, along with other Departments, has suffered from the loss of high officials of demonstrated capability, with the qualifications of their replacements apparently being chiefly their political credentials.

6. IMPACT OF INFLATION ON DISABLED AND OLDER VETERANS

Disabled veterans and our older veterans have had to fight a rear-guard action against efforts of the present administration to limit or reduce the assistance they vitally need. It required a strong protest from Congress and the public to cause the administration last year to pull back for further study a plan that would have been quickly implemented to take away $160 million in benefits to physically disabled Vietnam era veterans—a shocking, cynical decision to save money at the expense of the future of thousands of persons who have made such a direct sacrifice in the service of their country. And a separate battle had to be waged against administration plans to strike a double blow against all veterans pension benefits, first, by redefining income pension entitlement, and second, by cutting back VA administrative funds required for the processing of pension benefit applications.

Congress last year, recognizing the need to keep pension payments abreast of cost-of-living increases, enacted Public Law 93–177, which will mean that pension checks for approximately 2 million veterans, widows, and dependent parents will be increased by almost $240 million during 1974.

I regretted that a further provision strongly supported, and which would have increased the annual income limitations for pensions by $400, could not be included in the final legislation. I have urged the Senate Veterans' Affairs Committee to recommend such legislative action as may be required to prevent offsetting reductions in veterans' pension benefits resulting from social security increases in 1975 and thereafter. This was a key purpose of legislation which I introduced early in the 93d Congress, S. 835, the Full Social Security Benefits Act.

I am gratified that the Senate Veterans' Affairs Committee is taking early action on urgently needed legislation to improve service-connected disabilities and survivor benefits. I am a joint sponsor of the two key bills—S. 3067, the Veterans' Disability Compensation Act, and S. 3072, the Survivors' Dependency and Indemnity Compensation Act. Both measures provide needed cost-of-living increases for veterans and survivors receiving service-connected compensation—15 percent for veterans and 16 percent for widows. I have recommended that the committee also consider a provision to initiate an automatic cost-of-living escalator for these programs, rather than have them continue to be subject to periodic congressional action and to delay in implementation by the administration.

Mr. President, our Nation owes no greater debt than to those who have served in the Armed Forces and contributed to the national defense. I have outlined the highlights of a legislative program that must be pursued by the Congress without delay. But we also need to do everything possible to reassert a national sense of responsibility toward our veterans. We must seek out young veterans and help them resume their rightful place in society. And we must give to our older veterans the respect and the hope in the future to which they are entitled.

HEARINGS ON HUMANITARIAN FOOD ASSISTANCE

Mr. HUMPHREY. Mr. President, on April 4 the Subcommittee on Foreign Agriculture Policy of the Senate Committee on Agriculture and Forestry held hearings on the future direction of U.S. Public Law 480 humanitarian food assistance programs.

Witnesses appearing before the subcommittee included Richard Bell, Deputy Assistant Secretary of Agriculture for International Affairs and Commodity Programs; Daniel Parker, Administrator of the Agency for International Development; James P. Grant, President of the Overseas Development Council; and Frank L. Goffio, representing the American Council of Voluntary Agencies for Foreign Service, Inc.

This is an especially appropriate time to review these food assistance programs. The Public Law 480 program was begun at a time when the United States had abundant food stocks and was eager to

share these supplies. With these stocks gone, and the world commercial markets strong, the United States faces a major moral question. Will this eminently successful humanitarian program, begun in a time of plenty, be sustained during a period of scarcity?

The two administration witnesses, Mr. Bell and Administrator Parker, emphasized that the programs were continuing in spite of cuts in volume resulting from increased prices and decreased availabilities.

The issue of heavy programing of Public Law 480 resources for South Vietnam and Cambodia was discussed in the light of cutbacks elsewhere, and Mr. Parker argued that the people of Southeast Asia were in many cases refugees and needed the assistance on a humanitarian basis.

Mr. President, I ask unanimous consent that my opening statement at the hearing be printed in the RECORD.

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

STATEMENT BY SENATOR HUBERT H. HUMPHREY

Food for Peace is not a political program, even though foreign policies are involved. It is not an agricultural program, even though food and fiber are involved.

Food for Peace is a moral program.

Food is power. And in a very real sense it's our extra measure of power. It may be the one thing that we have in greater abundance and in the ability to produce beyond anyone else.

I have heard very few voices raised in the Congress of the United States about food as a power for good, as well as for its physical and financial value. I have heard all too few voices raised as to what should be an adequate supply of food for the American people and this nation to fulfill, first our moral responsibility, and secondly, our international responsibility.

I see us argue agricultural policy without bringing in what I think is one of the most important aspects of it. The moral, the social, the psychological, the spiritual aspect. One of the most powerful forces in the world is love. Compassion. Understanding. For some reason or other we have forgotten a little bit about that.

Moreover, P.L. 480 is a proven program. For over twenty years our Food for Peace program has served as a model throughout the world for what humanitarian food assistance can and should do. Not only have concessional sales under the program been an important factor in the expansion of markets for our farm products abroad, but food assistance under P.L. 480 has provided an essential bridge upon which the poorest countries of the world can reach for self-sustained economic growth.

Every year almost 90 million people benefit from the maternal and child care, school lunch, food for work, and other humanitarian programs made possible through Public Law 480. And for millions of disaster victims throughout the world, Food for Peace shipments have meant life itself. In more than 100 countries throughout the world the burlap bags of farm commodities marked with the phrase "Given by the people of the United States of America" are a familiar reminder that America still practices the Judeo-Christian ethic in the sharing of our abundance.

However, much has changed since my colleagues and I sat down over twenty years ago to map out the policies which eventually would become P.L. 480. The world food supply situation has become increasingly precarious. World demand for food, particularly, in recent years, has continued to outstrip production, spurred by unabated population growth throughout the world and the effects of rising affluence in the developed nations. Every year, food production lags behind demand by one percent on a worldwide basis, and in the past two years this shortfall has markedly increased.

Furthermore, agricultural resources such as fuel, fertilizer, water and arable land are facing increasingly significant constraints, and especially in developing countries. And long-term climatic changes in certain parts of the world confront millions of people with chronic famine. Suddenly food security is becoming the number one public policy issue around the world, and policy makers in all countries are turning new attention to food.

A nation's food supply is its most precious resource. And the responsibility of government to assure adequate food for its citizens is its most basic one. Leaders throughout the world may spend hours debating the needs of defense, but all the military manpower and hardware is meaningless if a nation cannot assure its people of enough to eat. National security, as many countries may painfully come to realize over the next few years, is much more than large troop and sophisticated weapons systems.

Food security must begin with proper national planning. Each country must assess its own needs and work out a program which complements its overall development goals. And one of the most important development goals should be to achieve a reasonable level of agricultural self-sufficiency.

Food aid can be viewed as only a short term measure. In the long run a country must be able to take over the responsibility itself for providing its people with food.

We can no longer count on consistent American farm surpluses to provide for the food needs for large sectors of the world.

Increasingly, we may well find lean years interspersed with the years of abundance. And without a buffer of domestic and international food reserves, as I have proposed before my colleagues to balance these swings in supply, consumers throughout the world will be victims of the vagaries of chance.

Moreover, the role that commodity reserves play in agricultural development should not be underestimated. Until farmers in developing countries can count on reasonably stable markets for their output, expansion of farm production will remain limited. This is particularly significant in the developing world where commodity markets are subject to volatile swings. Therefore, as a condition for agricultural development we must assist and encourage international initiatives to provide for supply assurance and market stabilization through stockpiling basic commodities.

But just as food aid can only be viewed as a short-term solution, international food stockpiles can only be viewed as a medium-range food security mechanism. At the current rate of growth in demand for food the rich years will become scarcer and the lean years more frequent. Eventually, we will reach a point at which we can no longer replenish food stockpiles from production.

Clearly what all of this means is that our long-term goals have to be directed toward increasing food production and limiting the growth of demand through population programs, coupled with economic development, and through conservation and more efficient use of available food resources. No other development goal is more imperative.

We must insist then that the resources we commit for development purposes are used as efficiently as possible. Before we provide food assistance, we should encourage each country to work out their long-term development goals and specifically how food aid can assist in those goals. With only a limited amount of American farm production to devote to food assistance, it is only judicious that priority be given to those countries willing to work out their own programs for self help.

As a condition of food assistance, each country should work out a long-term food security plan, with the advice and assistance from U.S. AID officials, Priorities to be reflected in this plan should include measures: (1) to increase agricultural production leading toward a reasonable level of food self-sufficiencies; (2) to improve nutrition; and (3) to establish meaningful programs for population control.

Unless our food assistance is directed toward such development objectives, we may only be making the problem worse by creating a dependency on food donations and by supporting the further increase in population. The hard facts of life are simply that we cannot go on forever fulfilling the food needs for much of the rest of the world, whether we want to or not. The American cornucopia is becoming increasingly strained, and, therefore, food assistance efforts should be directed into programs designed to help food deficit areas develop the capacity to feed themselves.

In addition to directing our food assistance toward serving development objectives, I believe we should restate United States food aid policies in terms of serving humanitarian needs, rather than of assisting military security objectives. On February 21, 1974, I introduced Senate Concurrent Resolution 69, calling for an investigation of the possible misuse of P.L. 480 commodities, or of foreign currencies generated from the sale of those commodities. I had particularly reference to P.L. 480 shipments to Cambodia and South Vietnam.

Tables provided by the Agency for International Development indicate that within fiscal 1974 alone, the estimate of the value of Title I Public Law 480 shipments to Cambodia and South Vietnam has more than doubled. Forty-four percent—almost half—of all food for peace shipments from the United States throughout the world in fiscal year 1974 will go to these two nations. That works out to a major diversion of local currencies in these countries, through U.S. food assistance, for defense purposes—an indirect but nevertheless substantial addition to American military aid.

Meanwhile, commodity assistance for humanitarian programs by CARE and church-sponsored relief agencies have been cut back. It has been estimated that 20 million fewer people are being helped to avoid starvation than 2 years ago.

It is clear that Congress must take early action to prevent such profoundly serious distortions of the food for peace program.

A food assistance policy that now emphasizes serving humanitarian needs would also replace a policy stated in terms of surplus disposal. It is time that we made a clear commitment to food assistance in its own right.

Over the years P.L. 480 has been a useful part of our efforts to manage surplus farm production. However, times have changed. We can no longer count on year to year surpluses.

The shortages of the past year caused a great deal of disruption in our food assistance efforts. Programmed commodities under the Title II donation program were down more than 50 percent in 1973 from 1971 and will be cut even further in the coming year. Total funds appropriated under the Food for Peace program have dropped steadily from a high of $1.6 billion in 1964 to an estimated $800 million in 1975.

Uncertainties in supply have created special hardships for U.S. voluntary agencies and recipient country governments who have devoted millions of dollars of their own resources to establish development and hu-

manitarian programs to utilize P.L. 480 commodities.

The present language of P.L. 480 raises a barrier to effective humanitarian food assistance in times of short supply of U.S. agricultural commodites. Under existing law the Secretary of Agriculture cannot ship commodites under P.L. 480 if he determines that the available supplies are not adequate to meet domestic requirements and anticipated exports for dollars.

Last year I introduced a bill, S. 2792, that would allow the Secretary the flexibility to permit food aid shipments if he determines that part of the exportable supply is necessary to fulfill the national interest and humanitarian objectives of the law.

This provision was subsequently incorporated in the Foreign Assistance Act as enacted by Congress, as a statement of the sense of Congress on essential legislative reforms to be made in the Agricultural Trade Development and Assistance Act. In this same provision of the final foreign aid bill, it is also stated to be the sense of the Congress that the Secretary of Agriculture shall take humanitarian food needs into consideration when making U.S. production and set-aside decisions.

This fall, the United States will participate in a world conference on food security. It is imperative that we clarify our own long-term food aid policies before we go to this conference. Only if we have our own house in order can we make commitments to participate in multilateral efforts to alleviate suffering, hunger, and malnutrition.

The officials in our government who make the policies in regard to food assistance ought to take a good look at the situation for which they are making the policies. There is no more classic case of the "ivory tower" phenomena than the people in the Department of Agriculture, AID, OMB, and the National Security Council who decide "in absentia" the U.S. food aid policies for the developing world.

If we are going to decide who is to eat and who is to suffer hunger, it's about time we get out and take a look at the programs for which we are responsible. As a start, I think it imperative that key Congressional representatives and senior officials of OMB, NSC, AID, State and USDA form a team to visit Title II field activities in order to base their decisions on actual first-hand, on-site evaluations of extensive conditions of hunger and starvation.

The time has come to review our food aid policies in terms of new circumstances and new needs. The past success of our Food for Peace program is no excuse to avoid the consideration of new and innovative thinking in regard to food assistance.

To insure that the food resources the American people commit to the developing world are used most wisely and efficiently we must do the following:

Restate the U.S. commitment to Food Assistance as based on humanitarian needs rather than as assisting surplus disposal at home or military security abroad.

Direct our food assistance to long-term development programs designed to increase agricultural self-sufficiency, improve nutrition and provide for planned population growth.

Establish a system of domestic and international food reserves to provide a minimum level of supply security and market stabilities against the inevitable swings in world production.

Reaffirm and clarify our own commitment to food assistance and insure that our officials responsible for food aid policy are fully aware of the magnitude of the problems we are facing.

As the world's most important producer of foodstuffs, the United States stands alone in its ability to influence food policy for the rest of the world. And certainly, this fact is no more evident than in the area of humanitarian food assistance. Increasingly, the United States is being forced into the position of determining who will have enough to eat and who will face hunger as our food production becomes the residual supply throughout the world. We must bear this responsibility with a respect for the food security of consumers throughout the world.

During consideration of authorizing legislation over two decades ago, the Congress originally turned down the title Food for Peace. It wanted Surplus Disposal. But I offered the amendment to call this program by law, Food for Peace.

And I want to say with deep thanks and to the everlasting honor of President Eisenhower, that it was his decision to call this program Food for Peace, despite its initial statutory title. Congress later agreed to give this program the title that reflects moral leadership, rather than an expedient mechanism for dumping surplus commodities.

We in this country have a "win" policy. I think we ought to be trying to win over poverty, illiteracy, sickness, frustration and hunger. We should be winning wars and winning battles for human dignity. This is what the struggle is about in Asia, in Latin America and Africa. And these people continue to look to us in the United States to affirm that each person is personally important; each endowed with soul and spirit.

And what else do people want? Opportunity. Just a chance to make something out of themselves. Our foreign aid and technical assistance programs, the Peace Corps, and the Food for Peace program are all designed to serve this objective—to help people help themselves.

The challenge before us now is to continue to fulfill our commitments to the people of over 100 countries to look to the United States to meet urgent needs for food assistance. To prematurely withdraw this promise of self-help aid is to court profoundly serious consequences of political instability and extensive suffering in these countries. Our international responsibility and vital interests demand that our government avoid such policy changes.

Mr. HUMPHREY. Mr. President, the testimony of Mr. James Grant highlighted the increased seriousness of the plight of the poorest countries as a result of the energy and food crisis of the past year.

His testimony indicated that these countries now have not only vastly increased fuel costs but also face sharply increased food costs. And the United States, as the world's primary breadbasket, but currently lacking a food policy, will play a major role in determining the fate of these countries.

Mr. Grant asserted that a major program is required to aid the poorest countries, and suggested that other countries would be prepared to join in if the United States were to lead the way. He suggested that, for the United States, food assistance might be the best area to be of help.

Mr. President, I ask unanimous consent that the full statement by Mr. Grant be placed at this point in the RECORD.

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

STATEMENT OF JAMES P. GRANT

HUMANITARIAN FOOD ASSISTANCE IN THE NEW ERA OF RESOURCE SCARCITIES

Mr. Chairman and Members of the Committee:

I welcome the opportunity to testify at your invitation before the Senate Subcommittee on Foreign Agricultural Policy on "Humanitarian Food Assistance." These hearings could not be more timely.

Events of the past year have vastly increased the problems of the poor throughout the world, particularly in the poorest countries, whose prospects, barring major international action, can be expected to continue to deteriorate over the next several years. The doubling to quadrupling of food and energy prices dooms millions to premature deaths from increased malnutrition and even outright starvation. The only question, and one Americana can influence, is: how many millions?

The past year has also seen accelerated large-scale erosion of that comprehensive set of humanitarian assistance policies that have served as a symbol of America for twenty years. These policies have virtually dissolved under the combined impact of lucrative export markets and governmental fear of aggravating high food prices in the United States through food air purchases. Increasingly dependent on the commercial market for food, the poor and the poorest countries have had to compete for scarce food in competition with the rising demand of the increasingly affluent in Japan, the Soviet Union, Western Europe, and North America. Prices have soared—to the great benefit of the American balance of payments and to the greatest detriment of the poorest of the poor.

The United States, the world's primary breadbasket, no longer has a world food policy, and decisions are urgently needed. As was stated in the London Times on March 29:

"What the Americans finally decide will be crucial. They have been extraordinarily generous in their fat years, but now they are, to an extent, the "Arabs" of much of the world's food supply."

Many of the basic factors which are essential to the making of these decisions are discussed in my detailed testimony which follows on the effect of the energy, food and fertilizer shortages, and prices rises on the poorest countries and on our policies toward them. My conclusions may be summarized as follows:

1. The United States no longer has a coherent set of policies addressing world food needs. This is illustrated by the dramatic decline, by more than 60 per cent in two years, in the physical shipments of food aid. Only for those countries in which the United States has a strong security concern—Vietnam, Cambodia, Laos, Israel, and Korea—can we still be said to have a meaningful food policy. By the current fiscal year these five countries (with only 60 million people) are receiving over 40 per cent, by volume, of all U.S. bilateral food aid, and about two-thirds of all concessional sales under Title I of PL 480.

2. Continued food aid overseas, like food aid at home, can no longer be premised on the concept of surpluses. Largely because of increasing demand from rising affluence and population growth, the world is entering a new era, characterized increasingly by tight supply situations and sellers' markets for a growing list of commodities—food, oil, fertilizer, fish, and others. This not only means that large-scale surpluses are no longer available (an original premise of PL 480), but that higher prices work very greatly to the disadvantage of those poor countries not amply endowed with raw materials.

3. A dangerous world food situation is emerging, with world food stocks at the lowest levels since the World War II era. Poor weather over any widespread areas during the next eighteen months would begin an acute world food crisis. A shortage of nitrogenous fertilizer production capacity for at least several years ensures a dangerous

food supply situation for important parts of the developing world over the next several years.

4. A number of the poorest and slowest growing countries—some 40 countries with nearly one billion people—are so seriously threatened by the combination of soaring food and fertilizer prices on the one hand and of skyrocketing oil prices on the other, that they face the prospect of disaster during the next several years, and many of their governments can be expected to topple under the new stresses.

5. The international order as we know it cannot long survive if there is a continuation of the 1973 and 1974 trends, whereby the increasingly affluent richest one billion people of the world pre-empt through their purchasing power ever larger shares of the world's grain and fertilizer, leaving less and less for the poorest billion in the world.

6. North America, the world's breadbasket, and a major beneficiary of scarcity-derived higher prices (over $10 billion in FY 1974) for its raw material exports, has a special responsibility for helping the hardest hit countries on the food aspects of the world economic crisis.

7. The United States Government should not continue to drastically reduce and suspend the procurement of specific foods and fertilizers under its humanitarian and development cooperation programs for fear of aggravating domestic prices—as has been done several times in the past year—without giving the American people an opportunity to decide whether they might be willing to reduce their own consumption standards slightly so that others might have a better chance for life elsewhere. As the grain reserves diminish and as the world depends for the first time in human history on one common pool for its food supply, people in the United States should know that the way we eat—and fertilize our lawns—is affecting lives elsewhere. I believe most Americans, if given the choice would respond by modifying their usual diet, which now takes an average of 1,850 pounds of grain to support (as compared to 380 for the average South Asian), just as most have already responded to the fuel shortage by lowering thermostats.

8. By skillful handling of the world's most essential raw material—food—which it dominates, the United States can begin to pioneer and formulate the rules of the game—for access to supplies, increasing production to meet demand, and establishment of reserves—which should be followed to the benefit of all in the management of most resources in tight supply.

The Overseas Development Council has recently completed its second annual assessment of the issues involving the United States and the developing countries, "The United States and the Developing World: Agenda for Action 1974," to be published on April 9. The report recommends a number of immediate actions, summarized below, to address the urgent problems posed by the energy, food and fertilizer crises which are relevant to the humanitarian food assistance concerns of this Subcommittee.

1. Agreement by food exporting countries to set aside a portion of their food exports for transfer on concessional terms to the poorest countries.

2. A parallel action by capital surplus, oil-exporting countries to set aside a portion of their oil exports for transfer to the poorest developing countries on concessional terms, or to set aside a portion of their oil revenues for development assistance, or both.

3. A worldwide effort to expand low-cost food production with particular emphasis on the poorest countries—including an early Congressional enactment of the IDA replenishment and an expansion of the U.S. bilateral development program recently restructured by Congress to focus on rural development and the poor majority. This also would strengthen motivation for smaller families.

4. A joint effort by the capital-surplus oil exporters and industrial countries to expand world fertilizer capacity and to help the poorest developing countries with their expanding and urgent needs.

5. Establishment of a global system for maintaining adequate food reserves to meet future shortages and to encourage continued high levels of agricultural production during surplus periods.

6. A cooperative effort to help all countries find substitutes for oil, including an interchange of information on energy technology and financing of major projects in the poorest countries by capital-surplus countries.

7. Agreement on providing such short-term financial support for the price-distressed poorest countries as debt postponement and a special issuance of the IMF's Special Drawing Rights.

8. International pledges to the World Food Program need to be expanded beyond the original target of $440 million for 1975–76 in order to offset the effects of soaring commodity prices. The United States can encourage that expansion by agreeing to continue providing 32 per cent of total WFP resources on a matching basis at levels beyond, and not just up to, $440 million.

Two points need to be underlined. First, these actions go beyond the issue of humanitarian food assistance in its narrower sense. However, the situation of the hardest hit poor countries is so acute as a consequence of the price shocks and dislocations of the past year that humanitarian assistance alone would never be adequate to meet the needs in much of Africa and South Asia. These countries—described by some as a new "Fourth World" to distinguish them from other Third World countries which are less seriously hit or even significantly helped by recent price changes—need to greatly increase their domestic production of foodstuffs and energy over the next several years if they are not to be permanently disadvantaged by the new era of high energy and food prices.

Second, these actions would be mutually reinforcing if all or most of them could be secured. Their total impact would go well beyond dealing with immediate problems of the current economic turmoil to hold out the prospect of accelerated development. Moreover, some of these proposals might be easier to adopt in association with others. Thus, for example, both grain exporters and oil exporters might find it easier to approve concessional sales of their respective commodities if each knew the other was prepared to do the same.

It is not necessary to get agreement on all actions at once. They could be discussed in several forums over the next year or more, beginning at the United Nations Special General Assembly on Raw Materials that opens on April 9. A most important opportunity later this year will be the World Food Conference, which should be broadened to include the related topics of energy and fertilizer because of their relevance for food production. Encouragement of constructive U.S. leadership by this Committee and the Congress as a whole is critically important at this crucial time.

ENERGY, FOOD, FERTILIZER, AND THE NEW FOURTH WORLD

An emerging new order

Any meaningful assessment of the implications to be drawn from the energy and food crises of the past year must take into account that these shortages are primarily a result of a newly emerging international economic and political order resulting from the unparalleled economic growth of the past quarter century. Global shifts of this magnitude rarely take place smoothly. A principal challenge for the future is how to accommodate to the structural changes required as a result of the progress of the past 25 years without sentencing whole nations and much of mankind to unnecessary suffering—and even premature death.

The jarring changes the world has experienced in the past year have resulted from two quite different sets of circumstances—short-term and cyclical factors on the one hand, and longer-term and more permanent kinds on the other. With respect to the short-term circumstances, the early 1970s witnessed an unprecented business boom caused by the simultaneous expansion of all the industrial economies for the first time since World War II. Other major but short-term factors have included unprecedented droughts in the case of food and the Middle East conflict in the case of oil.

Viewed from the perspective of ten years hence, however, the shortage crises of the past year—while accelerated by the short-term factors—will probably be seen as essentially the product of major long-term trends: continuing rapid economic growth taking place within the constraints of an often finite physical system and of relatively inflexible political and economic structures. As the global scale of economic activity has expanded—from roughly $1 trillion in global production in the late 1940's to some $4 trillion in 1974—it has begun to push the global system increasingly to the limits of its adaptive capacity. There was relatively little strain on the world system 25 years ago, but as the world approached its third trillion dollars of global production in the late 1960s, signs of stress began to appear at many points. We began experiencing an ecological overload, ranging from massive environmental pollution in cities everywhere to an over-harvesting of the world catch of table-grade fish, which appears to have led to a decline and fluctuation in the world fish catch over the past three years. Global increases in population growth, averaging 2 per cent a year, as well as in affluence, averaging 3 per cent per capita annually, have increased the demand for food by some 30 million tons each year, thereby straining the productive capacity of the world agricultural system. Even in the case of many commodities for which additional productive capacity exists, for example oil and coffee, soaring world demand is bringing about sufficient shifts from the buyer's circumstances of the last 25 years to those of a new seller's market.

It bears remembering that the period since World War II was characterized largely by material surpluses. The central economic issue of the period was access by producers to the markets of consuming nations. The international rules developed under the General Agreement on Tariffs and Trade (GATT), the Kennedy Round of trade negotiations in the 1960s, the key resolution by the developing countries at the past three UNCTAD conferences, and the proposed Trade Reform Act of 1973 have all taken place or been developed in this context of seeking to safeguard and to increase access to markets. Recent events indicate that an equally important, or even more important set of issues is taking shape around the question of assuring consuming nations reasonable access to resources—such as energy, minerals, grain, fish, soybeans, and timber—and on the associated need to develop global approaches to the new worldwide problems arising from scarcity in the marketplace. The shift from traditional buyers' markets to global sellers' markets for an ever lengthening list of commodities is bringing a host of profound changes, many of which are still only remotely sensed.

Energy, Food, and Fertilizers: The Price Shock

The "price shock" which many developing countries are experiencing comes primarily from two quite different factors: (1) the in-

crease in oil prices, (2) higher prices for essential food and fertilizer from developing countries. If prices remain at current levels (which are four times those of 1972), the non-oil-exporting developing countries will have to pay $10 billion more for necessary oil imports in 1974 than in 1973. Some $2.5 billion of this total will represent the increase in the oil bill of Latin American countries. Moreover, it is likely that most of this money will be "recycled"—in the form of purchases and investments by oil-exporting countries—*not* into the economies of the hardest hit non-oil-exporting countries, but into those of the developed countries. At the same time, the increased cost of the food and fertilizer imports of the non-oil-exporting developing countries from the developed countries will exceed $5 billion. With wheat and nitrogenous fertilizer prices more than three times those of 1972, the increased import bill for these two commodities alone (primarily from the United States) will be over $3.5 billion.

As a consequence of these rises, the developing countries will need to pay some $15 billion more for essential imports in 1974. The massive impact of these price increases is indicated by the fact that they are almost doubled the $8 billion of all development assistance that the developing countries received from the industrial countries in the same year. Additional to these are the substantial expenditures required to cover price rises of manufactured products from developed countries, increases which totalled 19 per cent in 1973 for exports from OECD countries as a whole.

Equally important, many developing countries will be further damaged if the present worldwide economic slowdown is allowed to drift into a major global recession. Their export earnings would be reduced, and those countries depending heavily on workers' remittances and on revenues from tourism—for example Mexico, Turkey, and the Caribbean countries—would suffer additional harm. Whether a global depression can be avoided depends on how the developed countries (and notably the United States) react to the new situation.

For virtually all developing countries, however, an offsetting factor is the higher prices they now receive for their commodity exports. Thus, the nearly $2 billion Brazil pays in price increases in 1974 for its imports will be substantially offset by the much higher prices it is receiving for its commodity exports (coffee up 36 per cent, soybeans 79 per cent) compared to two years ago. It is not a major offset for many other countries, however. For India, for example, the increases in the prices of its exports (up 19 per cent for tea, 17 per cent for jute) only offset the increased costs of manufactured imports.

Effects of the price increases on particular developing countries

Beyond these general effects on all of the developing countries, however, the impact of price increases, as already indicated, varies greatly among individual developing countres. The major oil exporters—including Venezuela and Ecuador in Latin America—are one category of developing countries which obviously benefits. These countries—whose combined population of more than one quarter billion is greater than that of North America, or the European Community, or of Latin America—will be in a greatly improved position to accelerate their economic growth. However, the degree of benefit varies sharply among the countries within this group. Thus Venezuela's increased earnings from oil alone will in 1974 more than triple its total imports of $2.4 billion in 1973. Indonesia, which is an extremely poor country within this category, now benefits only to the extent of $20 per capita from the oil price hikes; but even in this case, the additional oil earnings—in combination with the good prices it is getting for its other raw material exports—will remove foreign exchange as a major constraint on its development effort.

It must be noted, however, that increased foreign exchange availability does not remove, although it may alleviate, other major development constraints—the many social problems faced by most oil-exporting countries. Thus in such disparate countries as Venezuela, Nigeria, Algeria, and Indonesia, the serious unemployment and income maldistribution problems which are largely a consequence of their economic and social structures and policies have not been solved, and may only be eased, by growing availability of foreign exchange. Djakarta's vast urban slums and its recent riots are vivid reminders that growing social problems can exist side by side with accelerating economic growth and increased foreign exchange earnings. Saudi Arabia and the Persian Gulf Emirates also face major problems of transition from feudal to modern structures. These countries will need continued technical cooperation in solving their development problems, but they clearly no longer require any capital financing on highly concessional terms.

A second category of developing countries consists of those non-OPEC countries which, on balance, have not been significantly injured by the price trends of the past two years or those that appear to be net beneficiaries. Some of these countries are self-sufficient in oil or are minor oil exporters; some benefit substantially from their exports of other raw materals whose prices are increasing; and some enjoy both of these advantages. China, Colombia, Mexico, Bolivia—and, shortly, Peru as well—are in the first sub-group, while Malaysia, Morocco, Zambia, Zaire, and probably also Brazil belong in the second. Tunisia because of its phosphates, and Bolivia because of its tin are examples of minor oil-exporters benefiting under both headings. The countries in this broad category range from Brazil, whose advantages in other areas will largely offset the net effect of the price changes of 1972, to Tunisia, Malaysia, or Bolivia, which will benefit significantly from the changes in terms of trade—though to a much lesser extent than the OPEC countries.

Mexico and Tunisia, however, also belong to a third category of countries—those which will suffer disproportionately from any economic slowdown in the industrial countries because of their close linkages with the major industrial regions of the West. These are nations which during the past 15 years have successfully capitalized on their physical proximity to the industrial countries to increase their earnings from tourism, workers' remittances, and exports of agricultural perishables. Greece, Spain, Turkey, Yugoslavia, Tunisia, and Algeria are among those who have benefited greatly from their participation in Western European economic expansion. Thus, in 1973, Yugoslavia and Turkey each earned more than $1 billion from workers' remittances, and Yugoslavia earned an equivalent amount from tourism as well. Mexico and the Caribbean have been the most conspicuous gainers from proximity to the booming North American market. Mexico's tourism earnings, for example, exceeded $1 billion in 1973.

A related but somewhat different group of countries includes countries such as South Korea, Taiwan, Hong Kong, and Singapore, which are closely integrated with the world economy but almost entirely through the processing of goods. The energy component of their imports is very large, and they also are substantial food importers. The combined increase of South Korea's oil and food bills in 1974 is likely to approximate $1 billion. These countries clearly are affected adversely by the greatly increased prices of the energy and raw materials they need. However, the crisis period for such countries may well be of relatively short duration, since—provided that there is no major global recession and the market continues strong—they should be able to pass along much of the extra cost to the buyers of their manufactured exports. In recent years, most of these countries have developed sizable foreign exchange reserves, as well as established patterns of access to export credits and to Wall Street and Euro-dollar markets.

Because of the inherent strength of the ties of these two groups of developing countries to the industrial economies, their problems of adapting to the new price structure should not prove impossible unless the slowdown in the industrial countries is serious and long-lasting. In 1974 and 1975, many of these countries will need access to funds of a type which should be relatively easy for the international economic community to provide if the Western nations wish to accommodate the needs of these countries. Many of the measures developed for assisting the OECD countries to adjust to the higher oil prices should be applicable to them as well, and it should be possible to ensure their continuous access to the Euro-currency markets and export credits despite their short term difficulties.

The fourth and final category of countries consists of the hard core of seriously troubled countries, totaling about forty in number. Most of these countries are in tropical Africa, South Asia, and the Central American-Caribbean area, but the category also includes Uruguay, and possibly Chile and the Philippines. It is important to realize that these countries together contain some 900 million people—nearly half the population of the developing world exclusive of China. For this group of countries, the consequences of the changes from 1973 are overwhelmingly negative. Most of these countries not only are the poorest in the world at present, but also have the most dismal growth prospects for the future. Their net share of the identifiable adverse effects of the recent price increases amounts to some $3 billion. In addition, these countries face imponderables such as the cost of reduced direct private investment in the wake of these economic disruptions, or the decline in their export earnings due to the global economic slowdown in 1974. Finally, if the countries in this category are to maintain their development momentum, they will need major additional investments either to increase their food, fertilizer, and energy production to reduce their dependence on these high priced imports, or to establish new export industries to enable them to pay their vastly higher import bills—or both.

Extraordinary measures will need to be found to assist these countries. Most of the measures suitable for helping the third category of countries described above are not suitable for the fourth category. These poorer countries are unable to assume large additional amounts of short term or medium term credits on near-commercial terms because of their already high debt burdens and limited foreign exchange earning capacity.

Worsening world food situation

It has been apparent for approximately a year now that the current international scarcity of major agricultural commodities and the major drawdown of world food reserves reflects important long-term trends as well as the more temporary factor of lack of rainfall in the Soviet Union and large areas of Asia. We probably are witnessing in the world food economy a fundamental change

from two decades of relative global abundance to an era of more or less chronically tight supplies of essential foodstuffs—despite the return to production of U.S. cropland idled in recent years. A major reason behind this shift has been the fact, as noted earlier, that growing affluence in rich countries is joining population growth in the poor countries as a major cause of increasing demand for foodgrains. At the same time, over-fishing has interrupted the long period of sustained growth in the world fish catch—thus limiting the supply of another important protein source.

As a consequence of these fundamental changes and the temporary phenomenon of drought, global food stocks have been dropping in recent years. Including the idled cropland as a ready second line food reserve, the global reserves have dropped from the equivalent of 69 days of consumption in 1970 to some 36 days of reserves by last summer. Despite the highest grain production and the highest grain prices in history in the current crop year, global reserves are continuing to fall and may reach the level of only the equivalent of 26 or 27 days supply by the end of fiscal year 1974.

Food production prospects for the developing countries for the next crop year beginning in July are even less hopeful than they were last fall. Most developing countries will be even more short on foreign exchange, as a result of the doubling of energy prices last December, and shortages of imported energy, fertilizers, pesticides and other farm inputs can result from this factor. In addition, the world is faced with a fertilizer shortage which will last at least for several years. Developing countries currently are hurt the most. This is evidenced by the 750 thousand to one million ton shortfall in India's fertilizer imports, which will result in an additional production shortfall of 7 to 10 million tons of grain, and could mean an *additional* import bill of over $2 billion. Barring some new governmental intervention, developing countries can expect their fertilizer supply to be cut back far more than will be the case in the industrial countries manufacturing fertilizers, where political priorities will make themselves felt. This is particularly unfortunate at times of global scarcity since each additional ton of fertilizer used on rice in Bangladesh will possibly yield close to double the yield it will bring in Japan (or the United States) where already heavy fertilizer use has reached the point of rapidly diminishing returns.

In the United States the combination of new acreage being restored to production, the greater use of fertilizers because of the much higher prices for grains, and the increased use of urea for feed, have resulted in an unofficial "quasi-embargo" on U.S. fertilizer exports in recent months. U.S. domestic urea prices are less than one-half those being paid by developing country importers when suppliers will sell to them. Japan, in recent years the world's largest fertilizer exporter, has cut back its production severely as a consequence of the energy crisis, to the point where this year it will be largely limited to meeting the demands of its politically important domestic market and supplying Communist China. It will be at least three years before adequate nitrogenous fertilizer capacity can be constructed and more probably five or six years in the absence of a major international program.

The serious implications of this decreased availability of fertilizer for developing countries over the next several years become even clearer when it is remembered that if developing countries are to increase their agriculture by 4 per cent annually in the 1970s, their fertilizer use will have to increase by 14 per cent annually as contrasted to increases of 8–10 per cent in recent years. (Historical experience indicates that a 3.5 per cent increase in national fertilizer use is required for a developing country to increase its yields by 1 per cent.)

The adverse effects of this fertilizer shortage extends far beyond the immediate loss in production in the developing countries. It also threatens to interrupt the whole forward momentum of the laboriously launched Green Revolution, which has been centered around encouraging farmers to use the new rice and wheat seeds, whose profitability depends on heavy use of fertilizers. Hundreds of thousands of small farmers who have taken to the Green Revolution in recent years will now be faced with major difficulties, and many may revert to traditional varieties less dependent on fertilizer and pesticides.

The food problems of developing countries will be further aggravated by the likely continuing decline in world food aid at a time when soaring food and energy prices and fertilizer and energy shortages put them in great need. U.S. shipments under the Food for Peace Program are down two-thirds this year from the physical volume of several years ago, and could well drop even further next year. Increased exports to the affluent countries is the principal reason. U.S. agricultural exports increased by $7 billion to $20 billion this year, with some 90 per cent of the increase due to price rises.

Finally, an even more urgent case now exists for substantially increasing international efforts to aid agricultural development within the developing nations through food for work, World Bank, and AID programs. Many poor countries have a vast unexploited agricultural potential. Those countries which have been able and willing to exploit the Green Revolution potential in wheat and rice have demonstrated that significant increases in food production are possible in many developing nations at far less cost than comparable increases in many of the more agriculturally advanced nations. There is increasing evidence, moreover, that assistance earmarked for agricultural development should give special attention to the role of small farmers in the production effort. In many developing countries, small farmers—when given effective access to needed agricultural inputs as well as health and educational services—have engaged in more intensive cultivation and generally achieved higher per-acre yields than those with large farms. By improving the access of the poor majority to both income and services, this approach to rural development also contributes greatly to the motivation for smaller families that is the prerequisite of a major reduction in birth rates.

Steeply declining food aid

Since 1954 the United States has maintained a large and generous food aid program under PL 480. This landmark measure made it "the policy of the United States to use (our) abundant productivity to combat hunger and malnutrition and to encourage economic development in the developing countries" through concessional sales under Title I and humanitarian grants under Title II. For nearly two decades, the PL 480 program was one of those fortunate and somewhat unique institutions which satisfied many goals simultaneously—providing an outlet for U.S. commercial surpluses, building future commercial markets, aiding the economic development of recipient countries, supplying crucial U.N. and voluntary agency programs to improve the nutritional levels of vulnerable groups, and forestalling massive famine when natural disaster strikes.

Since 1966, the program has not been directly linked formally to the existence of large surplus stocks in the United States. Instead, a rationale for U.S. food aid was provided going far beyond the concept of surplus disposal to view food aid as an important foreign policy tool and a humanitarian responsibility. The continued presence of large food stocks and tens of millions of acres of idled cropland, of course, made the shift in rationale relatively easy to articulate. Events of the last year, however, have brought to the fore the unresolved contradictions and ambiguities inherent in the purposes of the program. Faced with low grain stocks last summer, the United States reportedly delayed shipping an additional 100,000 tons of grain for emergency relief to the Sahel until we were certain that the harvests later that year would replenish our supply.

As the following tables demonstrate, the recent emergence of food scarcity and high prices in the United States has led to a substantial reduction in the quantities of food supplied under PL 480. While the decline in dollar terms has not been great, when the program is examined by quantity and recipient country, the shrinkage is very dramatic.

In analyzing the decline in PL 480 aid of the last year, it is necessary to distinguish between Titles I and II of the program, since aid under the two titles operates in different manners for different purposes. Under Title I, most food is sold under long-term loans for dollars or convertible currencies, with interest rates set below commercial levels. Small amounts are sold for local currencies where a genuine U.S. need for these currencies exists. As Table 1 shows, the dollar value of Title I food commodity exports increased between FY 1972 and FY 1974, rising from $549 million to $640 million. The total quantity of grains and high protein products shipped, however, fell in 1974 to less than one-third the 1972 levels. Milk shipments dried up entirely.

TABLE 1.—TITLE I: FOOD SHIPMENT FISCAL YEAR 1972–75 (SALES FOR DOLLARS ON CREDIT TERMS AND FOREIGN CURRENCIES)

Commodity	1972	1973	1974 (estimate)	1975 (U.S.D.A. presentation)
	Thousand metric tons			
Wheat and products	4,615	2,517	1,005	1,254
Milk, dried, evaporated or condensed	19	2	0	0
Blended food products	0	0	2	7
Rice	813	987	620	1,000
Corn, grain, sorghum	1,217	1,289	454	1,140
Vegetable oils	193	107	148	166
	Million dollars			
Value of title I food commodities	549	555	640	567
Total title I commodity value (ind. cotton, tobacco, inedible tallow)	675	685	740	703

Source: U.S.D.A.

An examination of the country breakdown of Title I sales reveals more clearly the extent to which Title I sales have dwindled for most poor countries. As Table 2 shows, the portion of Title I food sales going to four nations in which the U.S. maintains a special security interest—South Vietnam, Cambodia, Jordan, and Israel—doubled in one year to reach 63 per cent in the current fiscal year. Half the wheat, two-thirds the feedgrains, and all the rice shipped under Title I this year is going to these four countries. With the total level supplied of each of the commodities already cut sharply, it is apparent that non-security Title I programs have been reduced much more substantially than aggregate figures would suggest.

TABLE 2.—TITLE I: AID TO SECURITY ASSISTANCE COUNTRIES (SOUTH VIETNAM, CAMBODIA, ISRAEL, JORDAN) AS PERCENT OF TOTAL TITLE I

[In percent]

Fiscal year	1972	1973	1974 (estimate)	1975 AID presentation
Security assistance as percent of quantity, title I:				
Wheat	NA	15	47	29
Rice	NA	47	100	49
Feed grains	NA	51	66	31
Vegetable oil	NA	22	9	16
Security assistance as percent of total food tonnage (wheat, feed grains, rice, vegetable oil)	NA	31	63	35
Security assistance as percent of value, total title I commodities	25	36	73	41

Source: USAID.

Under Title II, most food is provided on a grant basis to governments, voluntary agencies, and the U.N.'s World Food Program. The commodities supplied are used in nutritional programs for vulnerable groups such as mothers, infants, and school children, in "food for work" programs to build infrastructure, and in disaster relief activities such as in the Sahel and Ethiopia.

Even the dollar value of Title II food shipments has fallen over the last two years and this, combined with soaring prices, has resulted in a devastating decline in the quantity of food supplied. Wheat shipments are half of last year's, and rice and milk shipments have disappeared. Only the tonnage of so-called feedgrains has risen, reflecting the shipment of grain sorghum to the Sahel.

TABLE 3.—TITLE II: FOOD SHIPMENTS FISCAL YEARS 1972–75 (VOLUNTARY AGENCY GRANTS, WORLD FOOD PROGRAM, GOVERNMENT TO GOVERNMENT GRANTS FOR DISASTER RELIEF AND ECONOMIC DEVELOPMENT)

Commodity	1972	1973	1974 (estimate)	1975 (U.S.D.A. presentation)
	Thousand metric tons			
Wheat and products	1,614	1,649	718	628
Milk (dried)	115	26	0	0
Rice	248	33	0	0
Corn, oats, grain sorghum and products	257	246	379	271
Blended food products	266	195	182	143
Soybean products	4	1	1	0
Vegetable oils	187	111	53	58
	Million dollars			
Total title II food commodity value	380	290	248	175

Source: U.S.D.A.

The shrinking supply of goods under Title II over the last year is having disastrous effects on the valuable programs of the voluntary agencies and the World Food Program, which depend heavily on U.S. food grants. In FY 1972, 90 million of the world's poorest people earned or received food originating within the Title II program, including 46 million in maternal, infant, and child feeding programs, 15 million in food for work programs, and 28 million in disaster and refugee programs. No one knows how many millions of the nutritionally vulnerable people have had to be cut from these programs as a result of the declining availability of food supples under Title II documented above, but it almost certainly numbers in the tens of millions.

Ironically, as the USDA is predicting bumper crops and we are earning more from their sale than ever before, the amount of food made available to the voluntary agencies is shrinking just as the need is increasing and they are putting a new emphasis on the very kind of rural and agricultural development projects most necessary as a long-term solution to the present crisis—and even as the Congress has advocated increasing reliance on the private sector in our foreign aid activities. Similarly, the nutritional and public works projects of a growing and valuable international institution—the World Food Program of the FAO—are being cut back to levels lower than past years due to the declining purchasing power of its funds.

The sharp decline in actual shipments of food aid under each commodity supplied under PL 480 is shown in Table 4.

What is needed is a mechanism effective under the new circumstances of tight supply and increased human need for managing our own production and marketing so that our complex domestic, commercial export, and humanitarian export responsibilities can be met. There is no reason why we cannot meet reasonable export as well as domestic needs, provided that a means of orchestrating the balanced uses of our agricultural wealth be devised.

TABLE 4.—TOTAL PUBLIC LAW 480 SHIPMENTS, TITLES I AND II, FISCAL YEAR 1972–75

Commodity	1972	1973	1974 (estimate)	1975 (U.S.D.A. presentation)
	Thousand metric tons			
Wheat and products	6,229	4,166	1,723	1,882
Milk (dried, evaporated, condensed)	134	28	0	0
Rice	1,061	1,020	620	1,000
Blended food products	266	195	184	150
Corn, grain sorghum, oats and products	1,474	1,535	833	1,411
Soybean products	4	1	1	0
Vegetable oils	380	218	201	224
	Million dollars			
Total value of food commodities	929	845	888	742
Total Public Law 480 commodity value (ind. cotton, tobacco, inedible oil)	1,055	975	988	878

Source: U.S.D.A.

The world food program

Special mention should be made that the World Food Program's (WFP) pledging target for 1975–76 is $440 million in food and cash. Officials are very optimistic about meeting this following the recent Saudi Arabian pledge of $50 million—making it the second largest donor behind the United States. The United States is pledged to underwrite 32 per cent of the total contributions up to the program total of $440, meaning up to $140 million for the United States. The 32 per cent portion for the United States represents a reduction from 40 per cent in the current pledging period and up to 50 per cent in past years. As of April 1, a total of $412 has been pledged.

Unfortunately, due to rising prices of both commodities and freight, many valuable planned development projects have had to be suspended or cancelled this year, and ongoing projects have been cut. According to WFP Executive Director Dr. Francisco Aquino, the tripling of commodity prices of 1973 has "resulted in an estimated shrinkage of the Program's 'Food Basket' by about 40 per cent, which has seriously affected the Program's ability to meet its commitments."

Looking at projected prices last October, Dr. Aquino noted that pledgings of $650 million would now be necessary to enable the WFP to meet its planned goals for 1975–76. However, WPF officials accepted the more "realistic" target of $440 million, and proposed that target to the General Assembly last December where it was accepted. If pledgings of $440 million are achieved, it is expected that the total quantity of commodities available to the WFP during the period will be below the levels of 1973–74.

The WFP has played an increasingly valuable role, now in 88 countries with an emphasis on the "least developed," in meeting nutritional needs of vulnerable groups, food for work development projects, and disaster relief—most recently in the Sahel and Ethiopia. The list of projects now being suspended is a depressing one, including rehabilitation of war refugees in Pakistan and sorely needed irrigation projects in India. Thus the international community would do well to follow Dr. Aquino's plea and make every effort to exceed the $440 target by a substantial margin, just as the targets of the present period and of the 1969–70 period were exceeded. If the EEC comes through with a planned $60 million pledge which is yet to be approved by the Ministers, the target will be exceeded soon. If Iran and Kuwait, which have not yet pledged, decide to give substantial sums, and if other OPEC nations could be persuaded to follow the Saudi Arabian lead, it would be possible to salvage some of the plans which have been scrapped due to the commodity shortage. The United States could play an important role in encouraging further pledges by agreeing to continue providing 32 per cent of the total at levels beyond $440 million. The United States would be helping to strengthen an important international institution, and every project saved would serve highly worthwhile ends. The effect of higher prices on the poor, and the need for a crash effort to increase developing country food production rapidly, highlight the importance of WFP programs to build necessary agricultural infrastructure and alleviate malnutrition among the vulnerable.

The special role of food aid

Concessional food sales and food relief measures have a crucial and unique role to play as the international community attempts to fashion a new order out of the current global economic malaise. As the impact of fertilizer scarcity and tight world food supplies emerges over the next year, it appears extremely likely that many food deficit nations will have large import needs but will simply lack the capacity to buy needed food at prevailing prices. A world program, led by the United States but also involving Canada, Australia, and possibly the EEC, to provide substantial levels of grain on concessional terms to the hardest hit nations may be absolutely essential during the next several years if large-scale disaster is to be avoided. Such a program would not have to be viewed as a permanent food aid effort; rather, the need is for a major emergency effort to tide over the nations hardest hit by the jarring events of the last year until fertilizer and food production can resume their upward trend, and the necessary economic adjustments to new world market conditions can take place.

Since agricultural development is such an important key to solving the present crisis of the Fourth World, food for work programs which enable the mobilization of manpower for construction of needed infrastructure must be seen as an important aspect of the overall aid effort. Nutritional programs for vulnerable groups must also be seen as an important aspect of both the immediate recovery effort, and the long-term food aid need. Therefore, as the U.S. food aid program is designed for the future, it is essential to preserve a major program of granted food aid like that now supplied under Title II of PL 480. To permit efficient planning of nutrition and development projects, particularly by the international voluntary agencies and the World Food Program, it is also essential to devise a means of providing some semblance of security of supply over a multiyear period.

The food aid program must develop the flexibility to ensure that when commodity prices rise dramatically, extra funds will be forthcoming to prevent the wholesale dislocation of projects, for it is during times of scarcity that the projects assume their greatest importance.

The matter of protecting PL 480 commodities for overseas use is the subject of a Sense of the Congress Resolution attached to the Foreign Assistance Act of 1973 as the result of a Senate initiative. It is also the subject of S. 2792, an amendment to Section 401 of the Agricultural Trade Development and Assistance Act of 1954 now pending before this Committee. I commend your continuing efforts to convert that Resolution to the law of the land.

There is much to be said for the recent proposal of the Church World Service of the National Council of Churches that a tithe, or ten per cent, or our exportable agricultural commodities, over and above our domestic needs, be used annually to help meet world food needs through concessional sales, humanitarian grants, and world food reserves. While in FY 69 our contribution for such purposes was about 18 per cent, it has dropped steadily in the past five years to a current level of about 5 percent, as need has risen sharply and as the prices at which we sell our grain has doubled and trebled. The same Judaeo-Christian tradition of concern for the world's hungry people developed in this Nation during a time of agricultural surplus should now be reaffirmed during a time of world food scarcity. We have unwittingly slighted the world's hungry people and need now to reaffirm our traditions of caring and sharing which represent the American people at our best—and is in the enlightened best interest of all in the increasingly interdependent world.

Finally, more thought needs to be given to methods for reducing wasteful use of grain by the affluent in both the rich and the poor countries to ease global food scarcity. Beef, requiring up to seven pounds of grain to produce a pound of meat, may be the food counterpart of the two to three ton highway gas guzzlers getting 8 miles per gallon. Chicken, requiring only two to three pounds of grain per pound of meat, is the "sub compact" of the energy field. Since affluence in the rich countries can contribute to millions of premature deaths in the poor countries in scarcity periods such as 1974 and 1975, should not consideration be given to special measures to reduce wasteful consumption of food just as we have reduced our consumption of energy through turning down thermostats, driving more slowly, and greater use of smaller cars?

Conclusion

Paradoxically to most Americans, the United States may be the only major industrialized country currently able to take a lead in a cooperative global effort to counteract the effect of recent price changes. The United States is least dependent upon oil imports and is benefiting by about $6 billion in FY 1974 from higher prices for its food exports. Its balance of payments in 1974 and 1975 should be favorable despite a possible trade deficit, reflecting the fact that the United States will provide the most attractive investment opportunity for the oil exporting countries with their potential $50 billion to $66 billion annual capital surplus. However, the moral and logical position of the United States in urging OPEC action to ease the world crisis would be greatly strengthened by an initiative to use our dominance (together with that of Canada and Australia) of the world food supply to work together with the OPEC countries who dominate the world's energy.

The past year has clearly indicated what can lie ahead if, by preference or by lack of foresight, the law of the jungle, rather than cooperation, remains the response of nations. As the discussion of food illustrates, many of the new problems of global scarcity brought on by rising affluence and increasing populations should be amendable to alleviation, certainly, and even possibly to solution through cooperative international action. A major U.S. initative in the food field would be in its humanistic tradition, and is desperately needed if tens of millions are not to die prematurely in the 1970s from increased malnutrition as a result of higher food prices and food scarcities. The costs would be shared in an international effort, and the long-term benefits to the American farmer and consumer could be substantial quite apart from the impact of such an initiative on the new global politics of resource scarcity. And it could make more likely a parallel effort in the energy field by the richer OPEC nations.

Mr. HUMPHREY. Mr. President, the final witness, Mr. Frank L. Goffio, described how the voluntary agencies utilize private donations and Public Law 480, title II, commodities supplied by the Government to carry on a whole host of programs overseas to further development and combat malnutrition.

He indicated that programs of this nature with inputs from the host country and U.S. citizens cannot be turned on and off again. One of his concerns was that there not be another gap in the food pipeline during the first quarter of the next fiscal year as there was in the first quarter of the present fiscal year.

Both Mr. Goffio and Mr. Grant supported the sense of Congress provision in last year's Foreign Assistance Act whereby the Secretary of Agriculture will take into account humanitarian needs in making U.S. production and set-aside decisions, as a way of giving a renewed commitment to the Public Law 480 program.

Mr. President, I ask unanimous consent that the statement of Mr. Goffio be inserted at this point in the RECORD.

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

STATEMENT BY FRANK L. GOFFIO

Mr. Chairman and Members of the Committee: My name is Frank L. Goffio. I am Honorary Chairman of the American Council of Voluntary Agencies for Foreign Service, Inc. and I also serve as Executive Director of CARE, Inc., one of 43 U.S. voluntary, non-profit organizations which comprise the membership of the American Council. Like CARE, other member agencies of the Council are deeply involved in attempting through their programs to alleviate the social and human needs of the refugees, the hungry, the homeless and the hopeless overseas. They do this as voluntary channels for the expression of the traditional care and concern of the people of the United States for those less fortunate than themselves. Reflecting in their constituencies the broad spectrum of American pluralistic life, including the major religious faiths, the member agencies of the American Council believe that in expressing to you this morning their concern about PL 480 and its continuing implementation, they are properly interpreting to you these abiding concerns of the American people.

The voluntary agencies of the American Council which have been privileged to participate in the PL 480 food donation programs since its inception in 1954 (and before that under Section 416 of the Agricultural Act of 1949) have testified before members of the Committee on Agriculture of both Houses on many earlier occasions regarding the incomparable value of this most enlightened piece of humanitarian legislation enacted by the U.S. Congress. They have described to you the ways in which PL 480 food commodities, distributed by them on a people-to-people basis have saved lives, reduced the danger of crippling malnutrition in the pre-school child, helped the poorest to achieve self-sufficiency, and through food-for-work programs and in other ways, aided in the development, not only of the individual himself, but of his community and his nation.

The programs of the voluntary agencies of the American Council are totally humanitarian in motivation and in character, as distinguished from programs in the public sector or those of the business community. They contribute at the same time not only to the immediate relief of suffering (the common concept of the purpose of humanitarian activity), but also to the alleviation of the underlying conditions which brought about the suffering. These programs are in the field of development—economic, social and human development.

It is an economic truism that development is not advanced in the absence of an adequate food supply, whether the food is locally produced or imported. In their development programs the voluntary agencies have made use of the availability of PL 480 food commodities not only to bolster some aspects of their development activity but also directly as an incentive to create such activity as in their food-for-work projects. These projects are carried on by American voluntary agencies in 54 different countries of the world and include such activity as:

Well-digging.
School and warehouse construction.
Fisheries and fish cultivation.
Land clearance.
Construction of farm-to-market and feeder roads.
Irrigation schemes and the like.

However, with the present world food shortages, even threats of impending world famine, and the resulting high cost of food in the United States, plus other current uncertainties concerning food availability under PL 480, the voluntary agencies have a growing and grave concern for the future of these essential programs.

The kinds of development assistance programs which the voluntary agencies operate overseas cannot be turned on and off like spigots because of the unpredictability of a continuing adequate food supply. These activities are not only closely and purposedly interlinked with the PL 480 donation program, but are also carefully planned to include other available resources in the area, as for example, host government (national or local), other nation governmental and private effort, other U.S. public and voluntary effort, and most importantly of all, the cooperation and participation of the people themselves. The effort of all may be impeded or wasted if planned inputs are not forthcoming and responsible continuity of programing cannot with some certainty be assured.

Even while providing emergency assistance in the case of catastrophes such as the most recent devastating drought and famine in the Sahel and Ethiopa, the American voluntary agencies are at work attempting with others to rehabilitate the region and its people. The very work of rehabilitation involves the provision of greater self-sufficiency in food supply making possible the further development of the area. While directly upon the heels of a major disaster there is an outpouring of aid of all kinds, including food, agencies are confronted with the problem that once the immediate emergency is over, assistance which is still needed in the rehabi-

tation and reconstruction stage (e.g. to avert the recurrence hopefully of such disasters) may not be available. Without a reasonable assurance of continuity of food supply, the voluntary agency programs of rehabilitation and development may have to be abandoned or greatly reduced in many of these instances.

The voluntary agencies pointed out these problems in testimony presented last year before both Senate and House Agriculture Committees relative to the extension of PL 480. They declared at that time ". . . we voice our concern lest, in the face of continuing and expanding need, there be failure to implement or to fund the programs adequately." In reply, PL 480 was remandated by the Congress for an additional four years. In addition, the Foreign Assistance Act of 1973 declared it to be the sense of Congress that in assessing food production levels, "the expected demands for humanitarian food assistance through such programs as . . . Public Law 480" be included and that increased flexibility be provided through consideration of legislation to amend Section 401 of PL 480. In the same Act the sense of Congress also was expressed that "The United States should participate fully in efforts to alleviate current and future food shortages which threaten the world." The voluntary agencies concur fully in this position.

It is the particular plea of the American Council of Voluntary Agencies for Foreign Service, and particularly those of its member agencies operating relief, rehabilitation and development programs overseas that especially now with renewed Foreign Assistance emphasis on development and the impending food crisis which confronts the world, the Congress should take whatever steps it deems appropriate to give material substance to the above "sense of Congress" provisions to the end that insofar as possible a continuing and regular food resource will be available to the voluntary agencies under PL 480 for their overseas programs.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER (Mr. HATHAWAY). The time for the transaction of routine morning business has now expired.

Morning business is closed.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The PRESIDING OFFICER. Under the previous order the Senate will now resume the consideration of the unfinished business, S. 3044, which the clerk will state.

The legislative clerk read as follows:

S. 3044, to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

Mr. ROBERT C. BYRD. Mr. President, I believe that the distinguished Senator from Iowa (Mr. CLARK) is prepared to call up his amendment on which the yeas and nays have already been ordered. It is my understanding that when debate is completed on his amendment, if completed prior to 3:30 p.m. today—which I am sure it will be—the vote on the Clark amendment will occur at the hour of 3:30 p.m.

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. I thank the Chair.

AMENDMENT NO. 1152

Mr. CLARK. Mr. President, I call up my amendment No. 1152 and ask that its reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered, and the text of the amendment will be printed in the RECORD at this point.

The text of the amendment follows:

On page 78, after the matter appearing below line 22, insert the following:

REPEAL OF CERTAIN EXCEPTIONS TO CONTRIBUTION AND EXPENDITURE LIMITATIONS

SEC. 305. Section 614(c)(3) of title 18, United States Code (as added by section 304 of this Act), and section 615(e) of such title (as added by section 304 of this Act) (relating to the application of such sections to certain campaign committees) are repealed. Section 615 of title 18, United States Code (as added by section 304 of this Act), is amended by striking out "(f)" and inserting in lieu thereof "(e)".

Mr. CLARK. Mr. President, I ask unanimous consent that the name of the Senator from Illinois (Mr. STEVENSON) be added as a cosponsor of my amendment.

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

Mr. CLARK. Mr. President, last Wednesday, with only a handful of Senators in the Chamber, the Senate passed amendment No. 1102 by voice vote. The amendment exempted the House and Senate campaign committees of the two major parties from the contribution and expenditure limitations of the campaign financing bill now before the Senate.

In my judgment, the amendment opens an obvious loophole that will allow massive amounts of private money to influence congressional campaigns, seriously compromising the excellent legislation that Chairman CANNON and the rules committee have brought to the floor.

The amendment I have introduced would repeal the sections of the bill added by the amendment passed last Wednesday.

In offering that amendment, the distinguished Senator from Tennessee (Mr. BROCK) said:

It is important that our parties not be weakened. But strengthened, by whatever action Congress takes. I would hope that in writing this particular bill we can provide that sense of purpose with this amendment. (Pg. S. 5189 CONGRESSIONAL RECORD, April 3, 1974).

This bill had just that "sense of purpose" already—without the Brock amendment. The committee bill as reported provided a major role for both the State and national political parties by allowing each of them to contribute an additional 2 cents a voter to a campaign, over and above a candidate's expenditure limitation. The amendment approved last Wednesday deals not with the role of political parties, which have millions of supporters and thousands of small contributors, but with the role of the "In-House" campaign committees of both Houses of Congress.

During the course of the debate, Senator ALLEN expressed some concern about "leaving—contributions and expenditures for these committees—with the sky as the limit." In response, Senator BROCK said:

Our average contribution was something on the order of $23.75 in the Republican Party . . . by no definition can that $23.75 be sufficient to influence the election or the vote of an individual running for the Senate.

Perhaps the average contribution to the Republican Party is $23.75, but that certainly can't be the average contribution to the Campaign Committees of the House and Senate. The ticket price for the Republicans' annual fund-raising dinner is $1,000—for the Democrats, the price is $500. And many of those tickets are purchased in blocks by various groups. No one should confuse national political parties, supported as they are by thousands of people giving in $5 and $10 amounts, with the Senate and House Campaign Committees.

There was another confusing aspect of the amendment which Senator ALLEN inquired about: The maximum amount that could be received from any contributor by one of the "in-house" Campaign Committees. Senator BROCK said:

The same limit that would apply to giving to a campaign or to the national committees would apply here.

I am not at all sure that's the case.

Under S. 3044, an individual is limited to giving $3,000 and a group is limited to giving $6,000 to any single candidate's campaign. But an individual would be limited only by the $25,000 overall ceiling in contributing to one of these committees, and for groups there would be no limit at all.

What this amendment has done is exempt the House and Senate Campaign Committees from any effective restrictions. Individuals could contribute to them almost without limit. Groups could contribute completely without limit. And, unlike any other political committees, these committees could contribute unlimited amounts directly to the candidates—with the candidates' total expenditure ceilings as the only effective restraint.

In the case of a Senate race in California, it would mean that the legal limitation on what the Democratic and GOP senatorial campaign committees could give would be $2,121,450 in the general election. In Iowa, it would be $288,000. In Tennessee, it would be $406,500. It is apparent that last Wednesday the Senate set aside any effective limitation on contributions.

My amendment No. 1152 would repeal the provisions added by amendment No. 1102. I would not lightly raise an issue that already had been considered. But if the Senate allows amendment No. 1102 to stand, it will be compromising the very integrity of this campaign financing legislation.

Let me provide an example. Suppose that in 1976 the Democratic or Republican senatorial campaign committee has pinpointed 10 key Senate races. An organization—and there are many that would be willing and able—decides to give $100,000 to the campaign committee, which in turn passes along $10,000 to each of its 10 "key" candidates.

Now there would be nothing illegal

about that transaction—the money would not have been specifically earmarked for any particular candidate. But the effect would be clear. Each of those candidates would know how they got that $10,000 check, and its real source.

The rules committee has withstood virtually every challenge to S. 3044 so far. Amendment No. 1102 is the one glaring exception. As the Washington Post reported last week.

It is the first substantial breach in provisions of the bill that limit individuals to a $3,000 contribution to any one candidate and organizations to a $6,000 contribution.

The amendment passed last Wednesday directly contradicts the basic goal that we have been working toward over the past 2 weeks—the cleansing of our political process. It should be repealed.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Berry, one of its reading clerks, announced that the House insists upon its amendments to the bill (S. 2770) to amend chapter 5 of title 37, United States Code, to revise the special pay structure relating to medical officers of the uniformed services, disagreed to by the Senate; agrees to the conference requested by the Senate on the disagreeing votes of the two House thereon; and that Mr. STRATTON, Mr. NICHOLS, Mr. HUNT, Mr. HÉBERT, and Mr. BRAY were appointed managers of the conference on the part of the House.

OPPOSITION TO CAMPAIGN FINANCE BILL

Mr. ALLEN. Mr. President, one of the greatest dangers of congressional service is that some Members get so imbued with what they read and hear in the Washington news media that they tend to forget that the greatest number of Americans and the bulk of our country lie beyond the Potomac River.

I fear that this is the case in consideration of S. 3044, the bill for public financing of campaigns. The pell-mell rush to support public subsidies for politicians, as is proposed in this legislation, is being led—or should I say misled?—in part by the Washington news media.

But there is a rising chorus of opposition throughout the rest of the country to this proposed raid on the Public Treasury. And as newspaper editors in the 50 States understand the implications of this proposal, they are writing editorials opposing public financing of campaigns. The heartland of America is speaking, but I feel that some Senators are still not listening.

Mr. President, as examples of this rising public outcry, I have an editorial, "A Misuse of Public Funds . . . ," from the Saturday, March 30, 1974, issue of the Chicago Tribune, and an editorial, "Mired in Molasses," from the Wednesday, April 3, 1974, issue of the Birmingham Post-Herald.

I ask unanimous consent that these editorials be printed in the RECORD for the edification of all Senators.

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

[From the Chicago Tribune, Mar. 30, 1974]

A MISUSE OF PUBLIC FUNDS . . .

An irresponsible majority of the United States Senate has twice defeated attempts by Sen. James Allen to remove public financing of political campaigns from the Senate's campaign reform bill. The measure now seems assured of Senate passage.

The House soundly defeated a similar measure last year and is not happy about this year's entry. President Nixon has warned that he will veto the bill if public financing is included. Five of the seven members of the Senate Watergate Committee, whose mission it was to draft campaign reform legislation for the Senate, are strongly opposed to public campaign financing.

Still its supporters persist. Their apparent strategy is to keep battering away until the opposition begins to crack. It must not crack. Public campaign financing poses an insidious threat to this country's two-party, majority-rule system of government.

As the President and many others have noted, the bill is designed to eliminate private contributions, and thus deny to voters the right to give financial support to the candidate of their choice. Instead, their tax money would be used to support all candidates, including those they opposed. Black taxpayers, for example, could be supporting the candidacy of Gov. George Wallace.

True, the scheme would curb the appalling cost of Presidential elections, shown in the accompanying graph, but in congressional campaigns, spending might well increase. Congressmen who have been reelected easily with campaign treasuries of only $20,000 would find themselves with $90,000 to spend.

As Sen. Howard Baker, vice chairman of the Watergate committee, noted, public financing would give the government fiscal control over elections. This could easily lead to assuming regulatory control, thus giving the party in power tremendous influence.

Public financing has been rationalized as a means to prevent corruption, but it goes much farther than that. As Walter Pincus, executive editor of the New Republic, put it in a statement supporting the proposal: "Don't kid yourself that you back public financing to prevent Watergates and corruption. You do it to change the system."

The scheme would hand out public money to any and all qualified comers in congressional and Presidential primaries. Candidacies would multiply like rabbits. Special interest organizations like the American Civil Liberties Union, Nader's Raiders, the gun lobby, Common Cause, corporate associations, and labor unions could become political parties in their own right. The two major parties and the two-party, majority-rule system could founder. Chaos could result.

In the words of Mr. Baker: "We are burning down the barn to get rid of the rats."

[From the Birmingham Post-Herald, Apr. 3, 1974]

MIRED IN MOLASSES

Despite all the lofty rhetoric, it will take some fancy legislative maneuvering to get an effective campaign reform bill through Congress this year.

A more likely prospect is that campaign reform will disappear in a vat of election-year molasses and not be seen or heard from again until 1975.

The reason for this dismal prediction is the current disagreement among the House, the Senate and President Nixon over what needs to be done to curb excessive spending and loose bookkeeping in congressional election campaigns.

Judging by its past lack of enthusiasm, the House would like to do nothing—or at least do nothing to make it easier for challengers to oust incumbents.

Rep. Wayne L. Hays, D-Ohio, the man in charge of reform legislation, is adamantly opposed to setting up an independent elections commission. Under present law, the House and Senate police their own campaign practices, which is like sending a barkless dog on burglar patrol.

The Senate has been much more responsive, passing a reform bill last July that would have set limits on campaign spending and campaign giving; outlawed all cash contributions of more than $50; required full disclosure of a candidate's assets and income; encouraged television debates among major candidates; funneled each candidate's spending reports through one central committee, and set up an independent elections commission.

Now the Senate is on the verge of sabotaging its own bill by insisting that tax money be used to help finance all congressional and senatorial election campaigns, both primary and general.

This is a bad proposal. It would make money available to candidates who have no real base of support. It would provide too much money in some places, too little in others. Even if it passes the House, which is unlikely, the President, who opposes public financing, is expected to veto it.

That would leave the reform campaign back where it started—with no limits on how much pressure groups can give to candidates; no limits on how much candidates can spend, and no independent commission to blow the whistle when necessary.

This is fine and dandy for lobbyists and special interest groups, who stand ready to pour millions into political campaigns this year, much of it aimed at keeping good old Jack ("he'll take care of us") in office for another term.

But it's a strange way to restore voter confidence in a much-abused political campaign system that badly needs some basic reforms.

RECESS UNTIL 2 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess until 2 p.m. today.

There being no objection, at 1:18 p.m. the Senate took a recess until 2 p.m.; at which time the Senate reassembled when called to order by the Presiding Officer (Mr. MANSFIELD).

The PRESIDING OFFICER. The Chair (the Senator from Montana, Mr. MANSFIELD, in the chair) suggests the absence of a quorum.

The second assistant legislative clerk proceeded to call the roll.

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

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

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. Amendment No. 1152 of the Senator from Iowa (Mr. CLARK).

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the vote on the

pending amendment occur at the hour of 3:30 p.m. today.

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

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

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

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

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

RECESS UNTIL 3 P.M.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate stand in recess until the hour of 3 p.m. today.

There being no objection, at 2:35 p.m. the Senate took a recess until 3 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. BARTLETT).

TRIBUTE TO THE STAFF OF THE JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Mr. HARRY F. BYRD, JR. Mr. President, I ask unanimous consent that an insertion in the RECORD be permitted by the distinguished senior Senator from Louisiana (Mr. LONG).

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

The statement by Senator LONG and the Washington Post article of April 4, 1974, by Spencer Rich is as follows:

STATEMENT BY SENATOR R. LONG

In connection with the entry into the Congressional Record of Spencer Rich's April 4, 1974, *Washington Post* article on the Joint Committee on Internal Revenue Taxation, I would like to add a few brief comments.

It is our privilege, as Senators, to work with many outstanding committees and their respective staff members. Of all those with whom I have had contact as a U.S. Senator, the professional staff of the Joint Committee on Internal Revenue Taxation must rank as one of the most visible in terms of professional expertise, impartiality and discretion on sensitive matters. In this regard, I would, therefore, like to add my commendations to the Committee for the outstanding job it has done in its recent and extensive examination of the President's tax returns.

This is an example of our Congressional Committee system and general government operations at their very finest. It certainly is my privilege and pleasure to be chairman of such a dedicated and outstanding committee.

[From the Washington Post, Apr. 4, 1974]

JOINT TAX STAFF REGARDED AS BEST ON HILL

(By Spencer Rich)

When members of Congress get legislative advice from Larry Woodworth, the 56-year-old soft-spoken son of an Ohio Baptist preacher, they listen with special care and respect.

For Woodworth—who heads the staff of the Joint Committee on Internal Revenue Taxation which has just issued a devastating report on President Nixon's taxes—has a universal reputation as one of the best, perhaps the very best, staff man on Capitol Hill.

And the 40-member staff over which Woodworth has ridden herd for the past 10 years is known as the ablest, most discreet, most savvy and most professional group of committee aides in Congress.

Few people on Capitol Hill and virtually no one off the hill—except the Treasury Department and the private tax lawyers and lobbyists—know much about the joint committee. Yet it is one of the most powerful in Congress, with tremendous influence over legislation affecting the lives of millions.

The joint committee, created under the Revenue Act of 1926, consists of members of the tax-writing committees—House Ways and Means and Senate Finance. The chairmanship alternates and the chairman this year is Sen. Russell B. Long (D-La.), with Rep. Wilbur Mills (D-Ark.) as vice chairman. For years the Senate chairman was Harry Flood Byrd Sr. (D-Va.), an arch-conservative in fiscal matters.

The joint committee provides the major staff for both chambers of Congress on tax matters, and right now—in addition to Woodworth, who holds a doctorate in public administration and isn't an economist or a tax lawyer—it has 25 professional staff members.

Including secretarial and clerical positions, the total staff is about 40. The professional staff members include two legislative counsels, six legislative attorneys, six economists and a number of economic and tax-statistic analysts. Several of the members have accounting training as well. The staff has been built up as a civil service-type staff—nonpolitical and nonpartisan.

When a tax bill is before either Ways and Means or Finance or on the floor of either chamber, it is the business of the joint committee staff to draft the legislation, to write the reports and to be at the side of committee members to advise and assist. Four or five staffers are almost always seen on the House and Senate floors whenever a tax bill is being considered.

Woodworth gets $40,000 a year, the highest possible staff salary in Congress. With the committee since 1944, he is a master at trying to tailor and stitch the proposals of members into a coherent whole. He is the model civil servant—able, discreet, honest and hardworking, according to members and associates. He could probably triple his salary in private industry but he won't jump.

Second in command on the committee staff is Lincoln Arnold, 64, a one-time municipal judge in Thief River Falls, Minn., who was an Internal Revenue Service attorney, senior legislative counsel for the House, and worked in private practice for 15 years with Alvord and Alvord.

Another staff aide with a major role on the Nixon tax report is Bernard (Bobby) Shapiro, a soft-spoken lawyer in his early 30s with a trace of a drawl (he's from Richmond) and training in accountancy as well as law. Shapiro sometimes serves as a surrogate on the floor when Woodworth can't be there.

Assistant staff chief Herbert L. Chabot, 42, who comes from New York and got his law degree from Columbia, provided staff work on pension reform bills when they were considered by the Finance and Ways and Means committees.

From the start, a staff team worked extensively and virtually full time on the president's tax matters. It consisted of Woodworth, Arnold, Shapiro, attorney Mark McConaghy, attorney Paul Oosterhuis, accountant Allan Rosenbaum and economist James Wetzler. From time to time, other staffers pitched in, and at the end most of the staff was working to get the final report in shape.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

Mr. CLARK. Mr. President, earlier in the debate, I discussed at some length the reasons that the Senate should adopt my amendment (No. 1152) to repeal amendment No. 1102 passed by voice vote last Wednesday. That amendment exempted the House and the Senate campaign committees of the major parties from the contribution and expenditure limitations of the campaign financing bill now before the Senate. In my judgment, that is the first loophole we have written into a very excellent bill.

The committee bill as reported does provide a major role for both the State and national political parties by allowing each to contribute an additional 2 cents a voter to a campaign—over and above the candidate's expenditure limitation. The amendment approved last Wednesday deals not with the role of political parties, which have millions of supporters and thousands of small contributors, but with the role of in-house campaign committees of the House and the Senate.

This is the essential point: all other committees are limited to $6,000 in terms of what they can contribute to an individual candidate. This amendment lifts that restriction leaving $25,000 as the only effective limitation on what an individual can give to a committee. It leaves a loophole allowing committees unlimited contributions to the congressional campaign committees, and in turn, allows them an unlimited amount of money to give to individual candidates.

There is another serious problem with the amendment passed last Wednesday, section 614(c), on page 71 of the Rules Committee bill. The amendment exempted the senatorial and congressional campaign committees from the $1,000 independent expenditure limitation. It is true that the State and national parties are also exempt from this limitation, but they are subject to a 2-cent-a-voter ceiling on any contributions to or expenditures for a particular candidate.

The senatorial and congressional campaign committees, however, are not subject to any restrictions. I am sure this is not the intent of the amendment, but its effect is certain.

Mr. BROCK. Mr. President, I should like to take a few minutes to explain the

purpose of the amendment as it was offered and as it was intended.

Upon reading the Rules Committee bill, we felt that perhaps by inadvertence there were no safeguards to maintain the viability of the various congressional committees of the two parties. The bill as it was written would have effectively eliminated the operation of the House and the Senate campaign committees of the two parties, respectively; and that, I think, is one of the things that I find dangerous in the proposed legislation.

The bill, to my way of thinking, goes too far already toward damaging the two-party process. I believe it places that process very much in jeopardy. If we are going to have an effective political system, we have to have some mechanism by which the parties not only maintain themselves but also have some opportunity for internal discipline.

The amendment was not drawn with the view of escaping the safeguards of the campaign contribution ceilings. I said on the Senate floor during the debate on the amendment that we would still be limited, as I understood it, to a $3,000 gift from an individual or a committee. Perhaps my impression is wrong. If it is, I would be delighted either to modify the amendment or to accept other language that would so correct it.

I am not sure that that is the case. However, I would be willing to make sure it is, not only by legislative history but also by specific language. But the Senator's amendment does a great deal more than that. In effect, it strikes all the language of the amendment; and, in effect, he would put us back into the position originally reported by the Committee on Rules and Administration. I do not find that acceptable. I hope the Senate does not support the amendment as presently worded.

The Senator from Nevada, the Senator from Texas, and a number of other Senators and I have discussed the thrust of my amendment at length. There is no disagreement as to intent. If clarification is necessary in terms of legislative history, that is one thing, but to simply strike and, in effect, go back to the original position of eliminating these two committees, which do perform a valuable function in terms of supporting and serving our candidates, would be self-defeating and highly dangerous.

I cannot support the amendment, although I do understand the concern of the Senator in raising the particular point. I think he goes too far and I hope the Senate does not accept this particular amendment.

Mr. CANNON. Mr. President, as has been pointed out, the Senate did adopt the Brock amendment last week. I do not share the concern of the Senator from Iowa with respect to the one provision that he contends opens wide the door.

I think the possible opening of the door here, if the door is open, relates to the paragraph beginning on line 8, page 74 which, under the bill, prohibits independent expenditures in excess of $1,000. It does appear that perhaps the Brock amendment (No. 1102) exempts the Senate and House from limits on independent expenditures. If it does, and counsel is checking this now, later an amendment could be offered to change that possibility and make it clear that those committees were not exempted from subsection (C)(1) on page 74.

But I think the hazard, if it can be called a hazard, and I do not think it is a hazard, of larger contributions being made to these committees—I think that was what was hoped for by the amendment—was that larger contributions could be made to those authorized committees, and let them make contributions to the candidates which are within the candidates' spending limits, obviously, and that this would help maintain the party structure by permitting the campaign committees and national committees of both parties to make contributions to the respective candidates.

So while I would be inclined to support the amendment if it did not go as far as it does, I think under the circumstances I would be opposed to it here. If we need a perfecting amendment later that could be offered with respect to the limit.

Mr. BROCK. I know the Senator's intention and I think he understands the situation. We are both seeking the same thing in this amendment; and I think the Senator from Iowa has raised a valid point. But the amendment he has offered goes so far as not to permit the committees to do anything. That is unacceptable, but I would urge that language be posed to take care of this concern on his part by offering an amendment. I appreciate the chairman's position in trying at least to keep the two committees in operation.

Mr. CANNON. I think in the colloquy that took place last week it is clear what was intended by the Senator's amendment, and I would hate to see the Senate now take action to simply reverse itself on the action that it took last week.

Mr. BROCK. I agree, and I thank the Senator.

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time.

Mr. CLARK. Mr. President, the problem with the discussion on the floor last week was that the Senators present assumed, as did the Senator from Tennessee, that there was a $3,000 limitation on the amount the congressional campaign committee could receive and a $6,000 limit on the amount the congressional campaign committee could contribute to an individual candidate. Clearly, that is not the case. It is unlimited.

If we do not agree to the pending amendment, we will leave the loophole open. This is the first time so far that we have said to a political committee, "You can collect as much money as you want, an unlimited amount, and give us as much as you want—up to $2 million in the case of California—without limitation."

In this one case of senatorial and congressional committees, we are saying that they can collect unlimited amounts of money. The Committee on Rules and Administration was wise when it reported the bill without that loophole.

As it reported the bill, the committee said in effect that these "in-house" committees would be restricted exactly the same way as other political committees.

My amendment would do one thing: It repeals the Brock amendment and takes us back to the bill reported by the Committee on Rules and Administration. The committee's original judgment was correct. To permit unlimited expenditures would be a serious mistake.

The PRESIDING OFFICER. The hour of 3:30 having arrived, the question is on the amendment of the Senator from Iowa (Mr. CLARK). The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT) the Senator from Alaska (Mr. GRAVEL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), the Senator from Ohio (Mr. METZENBAUM), are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. FANNIN), the Senator from Hawaii (Mr. FONG), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

I also announce that the Senator from Virginia (Mr. WILLIAM L. SCOTT) and the Senator from Ohio (Mr. TAFT), are absent on official business.

I further announce that, if present and voting, the Senator from Ohio (Mr. TAFT), would vote "yea."

The result was announced—yeas 44, nays 35, as follows:

[No. 121 Leg.]

YEAS—44

Abourezk	Haskell	Moss
Allen	Hathaway	Nelson
Beall	Helms	Nunn
Biden	Huddleston	Packwood
Brooke	Humphrey	Pastore
Burdick	Inouye	Pell
Byrd, Harry F., Jr.	Jackson	Proxmire
	Johnston	Randolph
Byrd, Robert C.	Magnuson	Ribicoff
Chiles	Mansfield	Roth
Clark	Mathias	Schweiker
Cranston	McGovern	Stevenson
Domenici	McIntyre	Symington
Eagleton	Mondale	Tunney
Hart	Montoya	Weicker

NAYS—35

Aiken	Dominick	Percy
Baker	Ervin	Scott, Hugh
Bartlett	Goldwater	Sparkman
Bible	Griffin	Stafford
Brock	Hansen	Stennis
Buckley	Hartke	Stevens
Cannon	Hatfield	Talmadge
Case	Hruska	Thurmond
Cook	McClellan	Tower
Cotton	Metcalf	Williams
Curtis	Muskie	Young
Dole	Pearson	

NOT VOTING—21

Bayh	Fulbright	McClure
Bellmon	Gravel	McGee
Bennett	Gurney	Metzenbaum
Bentsen	Hollings	Scott,
Church	Hughes	William L.
Eastland	Javits	Taft
Fannin	Kennedy	
Fong	Long	

So Mr. CLARK's amendment (No. 1152) was agreed to.

Mr. CLARK. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1156

Mr. HUMPHREY. Mr. President, for myself and the distinguished Senator from Arizona (Mr. GOLDWATER) I call up amendment No. 1156, which is at the desk, and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to read the amendment.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the reading of the amendment be discontinued and that the amendment be printed in the RECORD.

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

The amendment ordered to be printed in the RECORD is as follows:

On page 86, between lines 2 and 3, insert the following new section:

SEC. 520. Section 6103(a) of title 5, United States Code is amended by inserting between—

"Veterans Day, the fourth Monday in October." and

"Thankgiving Day, the fourth Thursday in November." the following new item:

"Election Day, the first Wednesday next after the first Monday in November in 1976, and every second year thereafter.".

Mr. HUMPHREY. This is an amendment that has been agreed to by the Senate in each of the last 2 years. Unfortunately, for reasons extraneous to the substance of this legislation, it has yet to be enacted. The amendment would make Federal election day the first Wednesday after the first Monday in November, and create a legal holiday on that day.

I will not repeat all of the arguments for this amendment. I am sure that all Senators are familiar with them. The logic of the amendment is just as compelling today as it has been in the past, when this body voted overwhelmingly in its favor.

Mr. President, making election day a national holiday would move us still closer to the ideal of popular democracy that all of us cherish. It would help to bring the mass of the people even more into the mainstream of our national political system.

I would remind Senators of the inadequate level of participation in the 1972 elections. According to a survey by the U.S. Census Bureau, 51.2 million eligible Americans did not vote in the general elections in November 1972. That number represented a full 37 percent of the voting-age population in this country at that time. Many of these people have been denied this basic right of citizenship because of hard-to-find registration offices and a full day's work.

The amendment before us would eliminate one of the major obstacles to fuller voter participation in elections. It would assure that millions of American working families are not deterred from exercising their franchise in Presidential and congressional elections.

Several other nations find that workers participate freely, openly, and in larger numbers when there is an election holiday. In Denmark, Italy, France, Germany, and Austria, where election day is a holiday, voter turnout of 85 and 95 percent is normal. I believe it would substantially increase participation in our elections as well.

Workers who commute long distances to work often leave home before polls open and return after they have closed. People working irregular shifts in a shop or factory are also discouraged from voting. In some areas, rush hours at the polls mean a long wait in line causing many who must get to work, and many others who are tired from a full day's labor, to give up their franchise in despair.

Mr. President, it is time we put an end to this obstacle to democracy.

In the 19th century we eliminated property ownership requirements for voting in this country. As we enter the last quarter of the 20th century, it is time for us to act to prevent a job from keeping the 80 million Americans who work in factories, on farms, and in the businesses of this Nation from the voting booths.

Mr. President, I believe this amendment, which provides a legal election holiday every 2 years begining in 1976, would increase voter participation for the most important office in the land: the Presidency of the United States. It would be an open day, so that every citizen will have all the time in that day available to consider the candidates and to exercise his franchise. And the same time, of course, would apply to the offices of U.S. Senator and Member of the House of Representatives.

Mr. President, I yield to the distinguished Senator from Arizona.

Mr. GOLDWATER. Mr. President, I am happy to join the distinguished Senator from Minnesota (Mr. HUMPHREY) in offering the amendment. I think it is a sad commentary on the electorate of this country when we find that in Presidential elections we have been electing Presidents by a very bare majority. While the last several Presidential elections have been won by large pluralities, we discover that the total vote has not been much in excess of 50 percent of the voting population. Then when we look at other countries that have patterned themselves upon pretty much the same concept of government and see that their turnout is 90 or 95 percent, it makes those of us who stand for election wonder what has happened in America.

The concept of making election day a national holiday is not new. Such a proposal has been passed twice by the Senate. I believe the United States is one of the few countries that does not recognize the importance of election day by making it a national holiday.

I have thought about this proposal at great length. I think it would be desirable. In fact, anything we can do to get more Americans to be interested in our political system would be desirable. I am aware that what we have been going through during the past year is not the most pleasant thing in the world and makes many Americans wonder what is wrong with the system. But I have always told people that bad politicians are elected by good people who cannot vote.

If we can make election day a holiday, and then ask the assistance of both parties in really trying to get out the vote, perhaps we will see an informed electorate by creating in this country a turnout of voters which will be in excess of 75 percent.

I think this would be very healthy for America. It would be very good for everything that now ails the body politic in America. I am very happy that the Senator from Minnesota has offered this amendment. He and I happen to be members of a very exclusive club. We have gone through this, and we have some understanding of what it is to address millions of Americans, only to find that on election day only a relative handful will turn out.

I suggest that while it could be a problem of the candidate in my case, it certainly would not be in his case; so we sort of stand each other off there.

I hope very much that the manager of the bill will accept this amendment. I have not spoken to him about it, but this body has twice, as the Senator stated, passed this approach. I do not care to ask for a rollcall vote, and I am sure my colleague does not.

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

Mr. HUMPHREY. I yield.

Mr. NELSON. Mr. President, I agree with what the distinguished Senator from Arizona has said. I think this is a very important proposal, and I think we ought to have the yeas and nays to assure that when the bill goes over there, the other side will know how we feel about it.

So, Mr. President, I ask for the yeas and nays.

Mr. COOK. Mr. President, before the Senator does that, may I say I have no objection to it. This was in the bill that we passed last year, largely because of the actions of the Senator from Minnesota, and at that time he and I had quite a colloquy about it, and if I am not mistaken we had a rollcall vote on that occasion.

Mr. HUMPHREY. We did.

Mr. COOK. I have no objection to having it again, but I did want to get into the RECORD that we had quite an extensive debate on the floor on that bill last year. That is in the RECORD over on the House side, and this will be the second time. I merely wanted the Senator from Wisconsin to know that.

Mr. NELSON. Mr. President, having listened to the impressive argument of the Senator from Kentucky, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I have no further comment. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. CANNON. Mr. President, the yeas and nays were ordered; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. CANNON. Mr. President, as the Senator stated, the Senate has voted on this issue before. We are prepared to accept it.

I am not convinced, in my own mind, that one can force people to vote by simply making election day a holiday. I think the indications of our experience have been that whenever a holiday comes along—even though, as provided in this bill, it may be in the middle of the week, which may eliminate the situation of a long weekend holiday—it probably will result in a fishing day.

I yield back the remainder of my time.

Mr. HUMPHREY. Mr. President, I yield back my time.

The PRESIDING OFFICER (Mr. BARTLETT). All remaining time having been yielded back, the question is on agreeing to the amendment of the Senator from Minnesota (Mr. HUMPHREY) and the Senator from Arizona (Mr. GOLDWATER). On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from North Carolina (Mr. ERVIN), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from Indiana (Mr. HARTKE), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Arizona (Mr. FANNIN), the Senator from Hawaii (Mr. FONG), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. MCCLURE), and the Senator from New York (Mr. BUCKLEY) are necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Ohio (Mr. TAFT) are absent on official business.

The result was announced—yeas 55, nays 21, as follows:

[No. 122 Leg.]

YEAS—55

Abourezk	Cannon	Hart
Baker	Case	Haskell
Beall	Chiles	Hathaway
Bible	Clark	Huddleston
Biden	Cook	Humphrey
Brock	Cranston	Inouye
Brooke	Dole	Jackson
Burdick	Eagleton	Johnston
Byrd, Robert C.	Goldwater	Magnuson
Mansfield	Nunn	Stennis
Mathias	Pastore	Stevens
McClellan	Pearson	Stevenson
McGovern	Percy	Symington
McIntyre	Proxmire	Talmadge
Mondale	Randolph	Tunney
Montoya	Ribicoff	Weicker
Moss	Roth	Williams
Muskie	Schweiker	
Nelson	Sparkman	

NAYS—21

Aiken	Dominick	Pell
Allen	Griffin	Scott, Hugh
Bartlett	Hansen	Stafford
Byrd, Harry F., Jr.	Hatfield	Thurmond
Cotton	Helms	Tower
Curtis	Hruska	Young
Domenici	Metcalf	
	Packwood	

NOT VOTING—24

Bayh	Fong	Long
Bellmon	Fulbright	McClure
Bennett	Gravel	McGee
Bentsen	Gurney	Metzenbaum
Buckley	Hartke	Scott, William L.
Church	Hollings	Taft
Eastland	Hughes	
Ervin	Javits	
Fannin	Kennedy	

So the Humphrey-Goldwater amendment was agreed to.

Mr. HUMPHREY. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. COOK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE FUTURE OF NASA

Mr. MAGNUSON. Mr. President, in September of last year, I introduced for myself, Mr. Moss, and Mr. TUNNEY, S. 2495, a bill to apply the scientific and technological resources of the country to the solution of domestic problems and to create a survey of science and technology resources and applications. Since that time in joint hearings between the Committees on Aeronautical and Space Sciences and Commerce, the objectives of S. 2495 have been almost unanimously endorsed by expert witnesses.

When the bill was introduced, I commented that—

> The progress that has been made in space is indeed tremendous, but the promise it holds for progress here on earth is far more incredible and far more important. It is to that promise of solutions to the challenges of life right here on our own planet in our own country that the Technology Resources Survey and Applications Act is addressed.

My colleague and cosponsor of S. 2495, Senator Moss of Utah, delivered a very outstanding and prophetic speech in the State of Washington before the Boeing Co. Management Association on March 22 entitled "The Future of NASA." Senator Moss expressed great optimism for the future prospects of NASA and the aerospace industry. His optimism lay in the increased role for NASA and the aerospace industry in utilizing its technological capability to solve pressing domestic problems.

Senator Moss clearly showed the importance of S. 2495 in leading us to the outstanding benefits which NASA holds for the American people. The significance of Senator Moss' March 22 speech is such that 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:

THE FUTURE OF NASA

(By Senator FRANK E. MOSS)

I greatly appreciate this chance to meet with members and friends of the Boeing Management Association.

The name Boeing is always associated with the State of Washington. Over a period of years, however, I have come to associate Boeing as well with Utah and the fine people you employ there headed by the competent, hard-working and public-spirited, Mr. Jim Cummings.

Boeing assembles and checks out the Minuteman at Hill Air Force Base. For years this efficient operation has furnished the backbone ICBM deterrent force for our Nation.

And I believe that Boeing is happy with the caliber of people which it employs in Utah. I know that the Governor and all of our State and Local officials and our citizens generally appreciate Boeing. Utah welcomes your contribution to her thriving and impressive aerospace and electronic industry complex!

Boeing people everywhere should be proud of the key role they have played in achieving and maintaining American technological leadership. I have often quoted a statement that Wernher von Braun made in testimony before my Aeronautics and Space Sciences Committee last fall. He said, "World leadership and technological leadership are inseparable. A third-rate technological nation is a third-rate power politically, economically and socially. Whether we like it or not ours is a technological civilization. If we lose our national resolve to keep our position on the pinnacle of technology, the historical role of the United States can only go downhill." It is in this context that I want to discuss with you tonight the future of NASA as I see it.

Predicting the future with any degree of certainty is never easy. Trying to make predictions in the wake of the amazing and unpredicted events of the last few months may be particularly foolhardy, but I'll take a stab at it.

The other day I saw a bumper sticker that was new to me. It said, "Chicken Little Was Right!"

I am sure that many have felt the sky was falling. I'd be hard-pressed to convince you that a fairly good-sized chunk of it didn't land right here in Seattle about four years ago. But in looking ahead with you tonight, I'm going to use some admittedly rose-colored glasses, and say that the future of NASA and its aerospace partners looks brighter than it has for some time.

First let me cite some of the uncertainties.

Right now the most apparent threats to the future of NASA seem to be: (1) pending legislation to change the role of NASA; (2) the attitudes of the American people toward technology; and (3) the crisis orientation of Federal R & D funding. I'll discuss each of these interrelated factors briefly.

The first and most obvious factor affecting the future of NASA is the fact that there are currently before Congress nearly 100 bills which would modify the charter of NASA in one way or another. The American people have tended to focus more and more on the domestic social troubles besetting this nation. They are growing more insistent that Federal money help resolve these troubles. Their insistence is reflected in much of the proposed legislation. But, although there may be some minor mid-course corrections, I predict there will be no major redirections of NASA in the foreseeable future.

The future of NASA is, however, closely tied to the future attitudes of the American public. As a result, I firmly believe that the success of the technological community in selling the importance of maintaining an adequate level of advanced technology in this country is a second factor which will pro-

foundly affect the size and content of NASA programs. There are encouraging signs in this regard.

The energy crisis has forced the man on the street—or perhaps the man in the gasoline line—to think more seriously about the promise technology holds for solving problems. On a different front, interest is growing among the professional societies in stepping into an unfamiliar role in selling technology.

At a conference on "Scientists in the Public Interest" last September in Utah, I suggested that the societies take part of the responsibility for convincing the public that this country must have a permanently strong, advanced technology. The word "convincing" was chosen advisedly because this was a suggestion for a strong direct appeal to the public. Success will not come easily, because it will be necessary to convince the people that their money, rather than merely their best wishes, should go toward technology.

Believe me, that takes pragmatic, aggressive logic and lots of it. It will require the preparation in layman's terms of carefully considered explanations of the relationship of technology to national problems. The professional societies are well-equipped to do this job.

Such an effort would serve engineers and scientists as individuals, as professionals and as citizens interested in the well-being of their country. An activity of this type would be a relatively unfamiliar role to the societies and would change their pattern of communication from among themselves only, to a pattern which included a broader segment of the public. This area of communication is a lot tougher and far less sympathetic, but it provides an opportunity—perhaps the best opportunity—to reverse permanently the recent spending trends for R & D.

I can report that there is considerable interest on the part of the professional societies in assuming this selling role.

Another major factor affecting the future of NASA is a growing recognition in both the executive and legislative branches of government of the need for more orderly utilization of Federal Research and Development funds.

The ups and downs, the stops and starts, that have plagued Federal research and development efforts ever since we embarked on Federal support for R & D have created a continuing state of chaos and uncertainty. Facilities are built and closed, scientists and engineers are trained, employed and laid off, all with little apparent foresight.

I needn't remind any of you that a few short years ago we were simultaneously rushing headlong toward an energy crisis and laying off engineers and scientists by the thousands.

It is time for us to bring these two shortcomings—poor planning and poor use of resources—into focus *together*, to examine them, and to do something about them.

Your own Senator Magnuson, my good friend and strong mentor in the Senate, has been active in this regard. In September of last year Senator Magnuson introduced S. 2495. Senator Tunney of California and I are cosponsors. Hearings are currently being held by the Senate Commerce Committee and the Aeronautical and Space Sciences Committee. Senator Magnuson is Chairman of Commerce. I am Chairman of Space. But also I'm a member of Commerce and Maggie is a member of Space! How's that for working in tandem?

The bill seeks to establish within the Executive Branch of the Government an improved mechanism, an improved climate, and improved funding for dealing with critical domestic problems which may be susceptible to scientific and technological solutions in whole or in part. And we want to bring into that process careful consideration of the projected availability of scientific and technological resources to apply to those problems before they become of crisis proportion.

S. 2495 would accomplish this by establishing a National Science and Technology Council and by expanding the charter of NASA.

No one here or abroad has developed a greater capacity than has NASA, and its partners in industry and universities, for defining technical problems, devising solutions, and demonstrating those solutions.

But we have a curious penchant for ignoring this proven resource. This is not to say that NASA should be thrown into the fray every time a problem emerges. There are many problems ahead that NASA is ill-equipped to solve. But where we need a systematic approach to a complex problem with high technological content, why should we studiously avoid using our strongest source of assistance.

Let me emphasize one point. We are not in any way suggesting that NASA lacks a mission in aeronautics and space. Support for this mission should not be diminished—it should be enlarged. What we are suggesting in S. 2495 is that NASA and its partners should also be authorized to tackle other missons upon assignment by the President and approval by the Congress.

Let us turn now more specifically to NASA's future. As I said earlier, I do not believe the basic charter of NASA will or should be charged. Changes in emphasis are needed and are most certainly going to occur. During its first 15 years NASA looked outward from the earth and its goal was to understand what it saw. Now this emphasis is changing. Although exploration remains a major goal, we are increasingly looking back toward the earth and using NASA's skills to understand and improve what we see. Increasingly, NASA will be called upon to help improve the quality of human life.

Just last week a witness before my Committee likened the first Earth Resources Satellite—ERTS—to the invention of the microscope. The microscope, of course, enabled us to see things which had been too small to view and comprehend. Its use generated whole new fields of science. It is the classic example of the close interplay of science and technology.

With ERTS, we can now see and begin to comprehend things that heretofore were too big for us. We may well be as unable to predict today what ERTS will mean, as Janssen was with his microscope in 1590.

Dr. Fletcher, the Administrator of NASA, recently provided a thoughtful prediction of the future of his agency. He subdivided his prediction into six major areas which give an excellent overview of NASA's future. What I would like to share with you is a combination of Dr. Fletcher's and my views, in these six areas.

First, we will continue to explore throughout the Solar System with automated spacecraft (that is, unmanned spacecraft); and one of the main aims of this exploration will be to find evidence of extraterrestrial life, or at least a better understanding of how life arose on earth.

Two questions frequently asked in this regard are (1) when we will send men back to the moon; and (2) when we will send men to Mars.

Whether we will want to send men back to the moon on short Apollo-type missions requires further study. It is probably better to wait until we are ready to begin establishment of manned scientific bases for long term use much as we have done in our present bases in Antarctica.

Such bases on the moon do not appear likely, even later in this century, unless they are built as international projects with the cooperation of the Soviet Union, the United States and perhaps Europe. Such a base or bases would be too extensive for one country to finance alone.

Manned exploration of Mars will probably wait until after we have had experience with large Space Stations in earth orbit and with long stays in scientific bases on the moon. Not that these steps are required—rather they are logical next steps in an orderly program.

Like scientific bases on the moon, manned expeditions to Mars will likely be organized on an international basis. Even though such an undertaking is technically feasible now and might receive international support, with all the other financial problems currently facing the developed countries, it is unlikely that any one of them will foot the bill by itself—at least not in the next two decades.

Second, we will intensify our use of spacecraft in earth orbit. Some of these spacecraft will look back at earth and some will study the sun or look far out into the universe. Some will seek scientific information, some will produce practical benefits.

Skylab has convinced us that we will need Large Space Stations for long missions employing larger and more sophisticated instruments.

But NASA simply will not have the funds in this decade to develop both the Space Shuttle and a Large Space Station. Faced with that choice, the Shuttle takes priority.

It is possible that the Soviet Union will develop a space station, and they may have it in orbit by the end of this decade. How it will compare in size, versatility and productivity with the manned Spacelab module the Europeans are developing for us with the Space Shuttle remains to be seen.

Third, during the remainder of this decade much effort will be concentrated on developing the Space Shuttle transportation system, which, as you know, is a better and cheaper way of getting manned and automated payloads to earth orbit and back. We will also be working closely with a group of nine European countries which is developing a manned Spacelab module to be carried to orbit and back in the Space Shuttle.

I anticipate that development of a second generation shuttle may not only aim at cost reduction but also simplification of take off and landing operations. It is very possible that the shuttle system could be simplified to the extent which it could become an important export product with the ability to take off and land in a manner similar to commercial aircraft.

Fourth, in addition to developing the Space Shuttle in this decade, we are planning and developing the improved payloads for the shuttle to launch and service in the 1980's and 1990's. These payloads will include large automated observatories and a wide range of experiments and practical tasks to be performed in the manned Spacelab module.

I predict that when space shuttle becomes a reality its uses will mushroom. Increasingly, shuttle payloads will include sophisticated systems to greatly improve our utilization of earth resources. Space manufacturing will become an important element in shuttle payloads. It is very possible that energy related payloads such as solar power systems, could become primary shuttle payloads.

Fifth, we will continue a strong program in aeronautical research to help meet civil and military aviation needs. This might well receive increased emphasis. Expansion could take place in areas of engine efficiency and new fuels, such as hydrogen. Increasing aircraft safety and reducing noise and pollution will continue to be areas of major interest.

And sixth, we will see developed a number of programs to demonstrate how new technology developed in the space program can be used to meet national needs outside the aerospace field. For example, we already know a great deal about how solar energy can be harnessed or how hydrogen can be used as a fuel.

These programs are vital to the well being

of the space program because it is here that the American people can see some of the "pay-off" for their tax dollar. There is considerable pressure to enhance this area of NASA activity.

I would like to conclude with a few observations:

First, the NASA charter originally set forth in 1958 is still viable and will be for years to come. We are just beginning to understand what tremendous benefits that charter has given this Nation. The real benefits to our people have been not just space exploration but solid achievements in the betterment of life on earth. Achievements traceable to the space program include communications, earth resources management, oceanography, weather prediction, international trade and much, much more.

The NASA role in pressing forward the frontiers of aeronautical and space science must continue. Basic research is the key to this country's future and must not be allowed to falter.

Photographs taken by astronauts and their description from space have provided glimpses of the earth for people throughout the world which have profoundly affected the feelings and thinking of mankind about the planet on which we are so fortunate as to have been born. This perhaps was the single most important result of the Apollo program, despite the many other benefits that our country and our industries are receiving in ever-increasing abundance from the research and development that made the lunar landings possible.

The better appreciation of our neighboring planets and their moons in orbit about our Sun has provided us a greater appreciation for the marvelous universe in which we live. It is almost overwhelming to be told by scientists that our Sun is an average star among 100 billion in the Milky Way galaxy, and that for each person alive today on this earth, there are a hundred galaxies in view of our telescopes! Surely our opportunities for learning and growth are limitless.

The youth of this state and of the nation must have a challenge for the future and a dream toward which they may turn their minds and their thoughts. I view the aeronautics and space program as a very important and highly relevant industry to coalesce the dreams of youth and to benefit mankind.

As we look at views from space of our beautiful planet, we can be both humble and proud—humbled by the relative place of man in the great universe, and proud of the island home we have been provided. Surely we are all challenged by the important responsibility resting on our shoulders for proper accounting to this and future generations for its safekeeping.

The greatest challenge to the future of NASA, and indeed to the future of all Federally-financed research and development in this country is the attitude of the American people. I believe that if they understand fully what benefits will be received from a strong Federally-financed research and development program, the future of NASA is bright indeed.

DISASTER RELIEF

Mr. COOK. Mr. President, it is important to note that tomorrow the Public Works Committee will begin working toward marking up S. 3062, which is a bill entitled "The Disaster Relief Amendments of 1974." It is because of that particular matter and because it is coming up tomorrow that I should like to put into the RECORD a report that we received late this afternoon from the committee's disaster coordinator for the American Red Cross.

These figures include the Commonwealth of Kentucky and five counties in southern Indiana relative to the series of tornadoes which struck that area Wednesday evening last.

So far, in the area I have described, we have officially designated 88 dead; 916 injuries; 472 hospitalized individuals; 1,375 homes have been totally destroyed; 1,426 homes have sustained major damage, which is damage of 50 percent or more; 2,037 have sustained minor damage, and that is a figure of less than 50 percent; 524 mobile homes have been totally destroyed; 230 mobile homes have received major damage; 1,312 farm buildings have been totally destroyed; 807 farm buildings have received major damage; 170 boats, small craft, mostly on the Green River Reservoir, have been totally destroyed; 212 small businesses have either been totally destroyed or have received major damage, and the Red Cross says that at this stage of the situation, that figure could be seriously low.

In that area of Kentucky and the five counties in Indiana 6,020 families have been affected in a major way.

Through the efforts of the chairman of the Committee on Public Works and through the efforts of Senator BURDICK, Senator DOMENICI, and Senator BAKER—they were in the respective areas this weekend to help in the decisions that will be made tomorrow—the committee graciously held a meeting at 2:30 today, at which point all the Senators from the areas affected were asked to appear and to put the substance of their talks and ideas in the hands of the committee for the purpose of aiding in the markup tomorrow.

All of us in the counties affected are tremendously grateful to the Senators I have named and to the chairman, the Senator from West Virginia (Mr. RANDOLPH), for authorizing the subcommittee to take this trip over the weekend so that a survey of this area could be made.

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

Mr. COOK. I yield.

Mr. RANDOLPH. Mr. President, I commend the Senator from Kentucky (Mr. COOK), and in so doing I express appreciation to him and other Senators who met with us earlier today and are counseling with our committee and subcommittee and the staff on amendments to the Disaster Relief Act. The input they give will aid us tomorrow, when the committee meets in an attempt to deal fairly and in a well-reasoned manner, but quickly, with this problem. The tornadoes last week brought disaster to many States, including the State of Kentucky, as mentioned by the Senator, who gave us many contributions which will help us write what we believe to be constructive language.

Our work also will be aided by the findings of Senators BURDICK, DOMENICI, and BAKER who visited the damaged areas of four States last Friday and Saturday. These Senators revised their schedules so that they could view the damage firsthand as we prepared to consider this important legislation.

I hope that the measure can be brought to the Senate in the middle of this week. The able Senator from Tennessee, the ranking minority member of our committee, who participated in the counseling session and who worked with the subcommittee members on the weekend, is present. I know that he will discuss this situation before the colloquy ends.

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

Mr. COOK. I yield.

Mr. BAKER. I will not take long, except to commend the distinguished chairman of the committee for his remarks and his perception of the problem involved, and to say, in reiteration of what he has already said, that the Subcommittee on Disaster Relief of the Committee on Public Works, ably chaired by Senator BURDICK, the ranking member of which is Senator DOMENICI, visited Tennessee, Kentucky, Ohio, and Indiana over the past weekend.

Those of us on the committee pay our special thanks to the joint leadership for arranging for no votes in the Senate on Friday, so that all could undertake this important business without missing important rollcall votes.

I believe that the on-sight inspection by the subcommittee over the weekend and the additional remarks by the distinguished senior Senator from Kentucky and others will be very useful in seeing that we alleviate the suffering and the financial loss that have befallen the residents of this area.

I join in urging that we take speedy action on these proposals. I commend the administration for having at this moment the Secretary of Housing and Urban Development in meetings with the Committee on Public Works, to try to coordinate the efforts of the Committee on Public Works with those of the administration. I predict that there will be a broad base of support for a measure by both the administration and Congress and that we can proceed to an early disposition of this problem.

I thank the Senator for yielding.

Mr. COOK. I thank the Senator from Tennessee and the Senator from West Virginia.

I say to my colleagues, Mr. President, that I hope that after the debates we had last year, after the problems of Camille and Agnes, and now these problems in major areas that are not involved in any flood plains—frankly, it looks as though all the military might and the power of a major nation had gone through some of the neighborhoods, certainly in my State—we will realize our responsibility, as representatives of the people, to move with a greater degree of responsibility in the field of direct grants. Frankly, there are people who will never survive from the economic loss that has been occasioned by this disaster.

I believe it is incumbent upon us to look a great deal more compassionately to the concept of direct grants to communities and areas as a result of the devastation that the subcommittee witnessed last week.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

Mr. COOK. Mr. President, I direct a question to the Senator from Kansas. Is he prepared to proceed with an amendment?

Mr. DOLE. Yes.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

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

Mr. DOLE. I yield.

Mr. HARTKE. Mr. President, I ask unanimous consent that John Szabo and Guy McMichael III have the privilege of the floor.

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

Mr. DOLE. Mr. President, I call up my unprinted amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 39, between lines 20 and 21 insert the following new subsection:

"(c) Any published political advertisement of a candidate electing to receive payments under title I of this Act shall contain on the face or front page thereof the following notice:

"'Paid for by Federal tax funds.'"

On page 39, line 21, strike out "(c)" and insert in lieu thereof "(d)".

On page 40, line 3, strike out "(d)" and insert in lieu thereof "(e)".

On page 40, line 11, strike out "(e)" and insert in lieu thereof "(f)".

Mr. GRIFFIN. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

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

Mr. DOLE. I yield.

Mr. MANSFIELD. May we consider the possibility of a time agreement?

Mr. DOLE. Five minutes?

Mr. MANSFIELD. Mr. President, I ask unanimous consent that there be a time limitation on the amendment of 10 minutes, to be equally divided between the sponsor of the amendment, the distinguished Senator from Kansas, and the manager of the bill, the Senator from Nevada (Mr. CANNON).

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

Mr. MANSFIELD. Mr. President, if the Senator from Kansas will allow me, I should like to call up a bill, with the time not being charged to either side. I ask unanimous consent that the pending business be laid aside temporarily.

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

VETERANS' INSURANCE ACT OF 1974

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 700, S. 1835.

The PRESIDING OFFICER (Mr. (BARTLETT). The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1835) 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.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Veterans' Affairs, with amendments on page 1, line 4, after the word "of", strike out "1973" and insert "1974"; on page 4, line 20, after the word "Reserve", strike out "or" and insert "of"; on page 1, line 14, after the word "the", where it appears the first time, strike out "Armed Forces" and insert "uniformed services"; in line 18, after the word "Servicemen's" strike out "Group." and insert "Group Life Insurance to an individual policy under the provisions of law in effect prior to such effective date."; on page 11, line 2, after "(4)", insert "of subsection (a)"; in line 19, after the word "follows", strike out "all" and insert "All"; in line 23, after the word "revolving", strike out "fund"." and insert "fund."."; on page 13, line 2, after the word "actuarial", strike out "principles."." and insert "principles."""; in line 5, after the word "first", strike out "paragraph" and insert "clause"; after line 15, insert:

(2) Subsection (e) is amended by deleting therefrom the words "this amendatory Act" and inserting in lieu thereof "the Veterans' Insurance Act of 1974".

At the beginning of line 19, strike out "(2)" and insert "(3)"; on page 14, line 8, after the word "new", strike out "section" and insert "sections"; on page 15, line 13, after the word "premiums", strike out "of" and insert "for"; on page 18, line 25, after the word "than", strike out "five" and insert "four"; on page 19, line 1, after the word "eligible", insert "within one year from the effective date of the Veterans' Group Life Insurance program"; on page 20, line 2, after the word "including", strike out "the cost of administration and"; in line 4, after the word "disabilities.", insert "The Administrator may establish, as he may determine to be necessary according to sound actuarial principles, a separate premium, age groupings for premiums purposes, accounting, and reserves, for persons granted insurance under this subsection different from those established for other persons granted insurance under this section"; after line 11, insert:

"§ 778. Reinstatement

"Reinstatement of insurance coverage granted under this subchapter but lapsed for nonpayment of premiums shall be under terms and conditions prescribed by the Administrator.

After line 15, insert:

"§ 779. Incontestability

"Subject to the provision of section 773 of this title, insurance coverage granted under this subchapter shall be incontestable from the date of issue, reinstatement, or conversion except for fraud or nonpayment of premium."

In the matter after line 23, after "777. Veterans' Group Life Insurance,", insert:

"773. Reinstatement.

"779. Incontestability.".

At the top of page 21, insert a new section, as follows:

SEC. 10. Chapter 19 of title 38, United States Code, is amended as follows:

(1) By striking out "Environmental Science Services Administration" wherever it appears in section 765 and inserting in lieu thereof "National Oceanic and Atmospheric Administration".

(2) By striking out "General operating expenses, Veterans' Administration" in clause 3 of subsection (d) of section 769 and inserting in lieu thereof "General Operating Expenses, Veterans' Administration".

(3) By striking out "Bureau of the Budget" in section 774 and inserting in lieu thereof "Office of Management and Budget".

At the beginning of line 14, change the section number from "10" to "11"; and, on page 22, line 1, after the word "amendments"; insert "made by sections 5 (a) (4) and (5) of this Act, and those"; so as to make the bill read:

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

SEC. 2. (a) That section 723 of title 38, United States Code, is amended as follows:

(1) The catchline is amended to read as follows:

"Veterans' Special Life Insurance".

(2) Clause (4) of subsection (a) is amended to read as follows: "(4) all premiums and other collections on such insurance and any total disability provisions added thereto shall be credited to a revolving fund in the Treasury of the United States, which, together with interest earned thereon, shall be available for the payment of liabilities under such insurance and any total disability provisions added thereto, including payments of dividends and refunds of unearned premiums".

(3) Clause (5) of subsection (b) is amended to read as follows: "(5) all premiums and other collections on insurance issued under this subsection and any total disability income provisions added thereto shall be credited directly to the revolving fund referred to in subsection (a) of this section, which, together with interest earned thereon, shall be available for the payment of liabilities under such insurance and any total disability provisions added thereto, including payments of dividends and refunds of unearned premiums".

(4) Subsections (d) and (e) are hereby repealed.

(b) The analysis of chapter 19 of title 38, United States Code, is amended by deleting "723. Veterans' special term insurance."
and inserting in lieu thereof the following: "723. Veterans' Special Life Insurance.".

SEC. 3. Clause (5) of section 765 of title 38, United States Code, is amended to read as follows:

"(5) The term 'member' means—

"(A) a person on active duty, active duty for training, or inactive duty training in the uniformed services in a commissioned, warrant, or enlisted rank, or grade, or as a cadet or midshipman of the United States Military Academy, United States Naval Academy,

United States Air Force Academy, or the United States Coast Guard Academy;

"(B) a person who volunteers for assignment to the Ready Reserve of a uniformed service and is assigned to a unit or position in which he may be required to perform active duty, or active duty for training, and each year will be scheduled to perform at least twelve periods of inactive duty training that is creditable for retirement purposes under chapter 67 of title 10;

"(C) a person assigned to, or who upon application would be eligible for assignment to, the Retired Reserve of a uniformed service who has not received the first increment of retirement pay or has not yet reached sixty-one years of age and has completed at least twenty years of satisfactory service creditable for retirement purposes under chapter 67 of title 10; and

"(D) a member, cadet, or midshipman of the Reserve Officers Training Corps while attending field training or practice cruises."

SEC. 4. Section 767 of title 38, United States Code, is amended as follows:

(1) Subsection (a) is amended to read as follows:

"(a) Any policy insurance purchased by the Administrator under section 766 of this title shall automatically insure against death—

"(1) any member of a uniformed service on active duty, active duty for training, or inactive duty for training scheduled in advance by competent authority;

"(2) any member of the Ready Reserve of a uniformed service who meets the qualifications set forth in section 765(5)(B) of this title; and

"(3) any member assigned to, or who upon application would be eligible for assignment to, the Retired Reserve or of a uniformed service who meets the qualifications set forth in section 765(5)(C) of this title;

in the amount of $20,000 unless such member elects in writing (A) not to be insured under this subchapter, or (B) to be insured in the amount of $15,000, $10,000, or $5,000. The insurance shall be effective the first day of active duty or active duty for training, or the beginning of a period of inactive duty training schedule in advance by competent authority, or the first day a member of the Ready Reserve meets the qualifications set forth in section 765(5)(B) of this title, or the first day a member of the Reserves, whether or not assigned to the Retired Reserve of a uniformed service, meets the qualifications of section 765(5)(C) of this title, or the date certified by the Administrator to the Secretary concerned as the date Servicemen's Group Life Insurance under this subchapter for the class or group concerned takes effect, whichever is the later date."

(2) Subsection (b) is amended by deleting "ninety days" wherever it appears therein and inserting in lieu thereof "one hundred and twenty days".

(3) Subsection (c) is amended to read as follows:

"(c) If any member elects not to be insured under this subchapter or to be insured in the amount of $15,000, $10,000, or $5,000, he may thereafter be insured under this subchapter or insured in the amount of $20,000, $15,000, or $10,000 under this subchapter, as the case may be, upon written application, proof of good health, and compliance with such other terms and conditions as may be prescribed by the Administrator. Any former member insured under Veterans' Group Life Insurance who again becomes eligible for Servicemen's Group Life Insurance and declines such coverage solely for the purpose of maintaining his Veterans' Group Life Insuraance in effect shall upon termination of coverage under Veterans' Group Life Insurance be automatically insured under Servicemen's Group Life Insurance, if otherwise eligible therefor."

SEC. 5. (a) Section 768 of title 38, United States Code, is amended as follows:

(1) Subsection (a) is amended by inserting "or while the member meets the qualifications set forth in section 765(5) (B) or (C) of this title," immediately before "and such insurance shall cease".

(2) Clauses (2) and (3) of subsection (a) are each amended by deleting "ninety days" wherever it appears therein and inserting in lieu thereof "one hundred and twenty days".

(3) Subsection (a) is further amended by adding at the end thereof the following:

"(4) with respect to a member of the Ready Reserve of a uniformed service who meets the qualifications set forth in section 765(5) (B) of this title, one hundred and twenty days after separation or release from such assignment—

"(A) unless on the date of such separation or release the member is totally disabled, under criteria established by the Administrator, in which event the insurance shall cease one year after the date of separation or release from such assignment, or on the date the insured ceases to be totally disabled, whichever is the earlier date, but in no event prior to the expiration of one hundred and twenty days after separation or release from such assignment; or

"(B) unless on the date of such separation or release the member has completed at least twenty years of satisfactory service creditable for retirement purposes under chapter 67 of title 10 and would upon application be eligible for assignment to or is assigned to the Retired Reserve, in which event the insurance, unless converted to an individual policy under terms and conditions set forth in section 777(e) of this title, shall, upon timely payment of premiums under terms prescribed by the Administrator directly to the administrative office established under section 766(b) of this title, continue in force until receipt of the first increment of retirement pay by the member or the member's sixty-first birthday, whichever occurs earlier.

"(5) with respect to a member of the Retired Reserve who meets the qualifications of section 765(5)(C) of this title, and who was assigned to the Retired Reserve prior to the date insurance under this amendment is placed in effect for members of the Retired Reserve, at such time as the member receives the first increment of retirement pay, or the member's sixty-first birthday, whichever occurs earlier, subject to the timely payment of the initial and subsequent premiums, under terms prescribed by the Administrator, directly to the administrative office established under section 766(b) of this title."

(4) Subsection (b) is amended to read as follows:

"(b) Each policy purchased under this subchapter shall contain a provision, in terms approved by the Administrator, that, except as hereinafter provided, Servicemen's Group Life Insurance which is continued in force after expiration of the period of duty or travel under section 767(b) or 768(a) of this title, effective the day after the date such insurance would cease, shall be automatically converted to Veterans' Group Life Insurance subject to (1) the timely payment of the initial premium under terms prescribed by the Administrator, and (2) the terms and conditions set forth in section 777 of this title. Such automatic conversion shall be effective only in the case of an otherwise eligible member or former member who is separated or released from a period of active duty or active duty for training or inactive duty training on or after the date on which the Veterans' Group Life Insurance program (provided for under section 777 of this title) becomes effective. Servicemen's Group Life Insurance continued in force under section 768(a) (4)(B) or (5) of this title shall not be converted to Veteran's Group Life Insurance. However, a member whose insurance could be continued in force under section 768(a)(4)(B) of this title, but is not so continued, may, effective the day after his insurance otherwise would cease, convert such insurance to an individual policy under the terms and conditions set forth in section 777(e) of this title."

(5) Section 768(c) is hereby repealed.

(b) The amendments made by this Act shall not be construed to deprive any person discharged or released from the *uniformed services* of the United States prior to the date on which the Veterans' Group Life Insurance program (provided for under section 777 of title 38, United States Code) becomes effective of the right to convert Servicemen's Group Life Insurance to an individual policy under the provisions of law in effect prior to such effective date.

SEC. 6. Section 769 of title 38, United States Code, is amended as follows:

(1) By deleting from paragraphs (1) and (2) of subsection (a) "is insured under a policy of insurance purchased by the Administrator, under section 766 of this title" and inserting in lieu thereof "is insured under Servicemen's Group Life Insurance".

(2) By redesignating paragraphs (2) and (3) of subsection (a) as paragraphs (3) and (4), respectively, and by adding after paragraph (1) a new paragraph (2) as follows:

"(2) During any month in which a member is assigned to the Ready Reserve of a uniformed service under conditions which meet the qualifications of section 765(5)(B) of this title, or is assigned to the Reserve (other than the Retired Reserve) and meets the qualifications of section 765(5)(C) of this title, and is insured under a policy of insurance purchased by the Administrator, under section 766 of this title, there shall be contributed from the appropriation made for active duty pay of the uniformed service concerned an amount determined by the Administrator (which shall be the same for all such members) as the share of the cost attributable to insuring such member under this policy, less any costs traceable to the extra hazards of such duty in the uniformed services. Any amounts so contributed on behalf of any individual shall be collected by the Secretary concerned from such individual (by deduction from pay or otherwise) and shall be credited to the appropriation from which such contribution was made."

(3) By deleting from the second sentence of paragraph (4) of subsection (a) "subsection (1) hereof, or fiscal year amount under subsection (2) hereof" and inserting in lieu thereof "paragraph (1) or (2) hereof, or fiscal year amount under paragraph (3) hereof"; and by deleting in such paragraph (4) "this subchapter" each time it appears and "insurance under this subchapter" and inserting in lieu thereof "Servicemen's Group Life Insurance".

(4) The first sentence of subsection (b) is amended by deleting "such insurance" and inserting in lieu thereof "Servicemen's Group Life Insurance"; and the second sentence of such subsection is amended by deleting "this subchapter" and inserting in lieu thereof "Servicemen's Group Life Insurance".

(5) Subsection (c) is amended by deleting "any such insurance" and inserting in lieu thereof "Servicemen's Group Life Insurance".

(6) The last sentence of subsection (d)(1) is amended to read as follows: "All premium payments and extra hazard costs on Servicemen's Group Life Insurance and the administrative cost to the Veterans' Administration of insurance issued under this subchapter shall be paid from the revolving fund.".

(7) By adding at the end of such section a new subsection as follows:

"(e) The premiums for Servicemen's Group Life Insurance placed in effect or continued in force for a member assigned to the Retired Reserve of a uniformed service who meets the qualifications of section 765(5)(C) of this title, shall be established under the criteria set forth in sections 771 (a) and (c) of this title, except that the Administrator may provide for average premiums for such various age groupings as he may determine to be necessary according to sound actuarial principles, and shall include an amount necessary to cover the administrative cost of such insurance to the company or companies issuing or continuing such insurance. Such premiums shall be payable by the insureds thereunder as provided by the Administrator directly to the administrative office established for such insurance under section 766 (b) of this title. The provisions of sections 771 (d) and (e) of this title shall be applicable to Servicemen's Group Life Insurance continued in force or issued to a member assigned to the Retired Reserve of a uniformed service. However, a separate accounting may be required by the Administrator for insurance issued to or continued in force on the lives of members assigned to the Retired Reserve and for other insurance in force under this subchapter. In such accounting, the Administrator is authorized to allocate claims and other costs among such programs of insurance according to accepted actuarial principles."

SEC. 7. Section 770 of title 38, United States Code, is amended as follows:

(1) The first clause following the colon in subsection (a) is amended to read as follows:

"First, to the beneficiary or beneficiaries as the member or former member may have designated by a writing received prior to death (1) in the uniformed services if insured under Servicemen's Group Life Insurance, or (2) in the administrative office established under section 766(b) of this title if separated or released from service, or if assigned to the Retired Reserve, and insured under Servicemen's Group Life Insurance, or if insured under Veterans' Group Life Insurance;".

(2) Subsection (e) is amended by deleting therefrom the words "this amendatory Act" and inserting in lieu thereof "the Veterans' Insurance Act of 1974".

(3) Subsections (f) and (g) are amended by adding after "Servicemen's Group Life Insurance" wherever it appears therein "or Veterans' Group Life Insurance".

SEC. 8. Section 771 of title 38, United States Code, is amended as follows:

(1) Subsection (b) is amended by deleting "the policy or policies" and inserting in lieu thereof "Servicemen's Group Life Insurance".

(2) The third sentence of subsection (e) is amended by deleting "section 766" and inserting in lieu thereof "section 769(d)(1)".

SEC. 9. (a) Subchapter III of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following new sections:

"§ 777. Veterans' Group Life Insurance

"(a) Veterans' Group Life Insurance shall be issued in the amount of $5,000, $10,000, $15,000, or $20,000 only. No person may carry a combined amount of Servicemen's Group Life Insurance and Veterans' Group Life Insurance in excess of $20,000 at any one time. Any person insured under Veterans' Group Life Insurance who again becomes insured under Servicemen's Group Life Insurance may within sixty days after becoming so insured convert any or all of his Veterans' Group Life Insurance to an individual policy of insurance under subsection (e) of this section. However, if such a person dies within the sixty-day period and before converting his Veterans' Group Life Insurance, Veterans' Group Life Insurance will be payable only if he is insured for less than $20,000 under Servicemen's Group Life Insurance, and then only in an amount which when added to the amount of Servicemen's Group Life Insurance payable shall not exceed $20,000.

"(b) Veterans' Group Life Insurance shall (1) provide protection against death; (2) be issued on a non-renewable five-year term basis; (3) have no cash, loan, paid-up, or extended values; (4) except as otherwise provided, lapse for nonpayment of premiums; and (5) contain such other terms and conditions as the Administrator determines to be reasonable and practicable which are not specifically provided for in this section, including any provisions of this subchapter not specifically made inapplicable by the provisions of this section.

"(c) The premiums for Veterans' Group Life Insurance shall be established under the criteria set forth in sections 771 (a) and (c) of this title, except that the Administrator may provide for average premiums for such various age groupings as he may decide to be necessary according to sound actuarial principles, and shall include an amount necessary to cover the administrative cost of such insurance to the company or companies issuing such insurance. Such premiums shall be payable by the insureds thereunder as provided by the Administrator directly to the administrative office established for such insurance under section 766(b) of this title. In any case in which a member or former member who was mentally incompetent on the date he first became insured under Veterans' Group Life Insurance dies within one year of such date, such insurance shall be deemed not to have lapsed for nonpayment of premiums and to have been in force on the date of death. Where insurance is in force under the preceding sentence, any unpaid premiums may be deducted from the proceeds of the insurance. Any person who claims eligibility for Veterans' Group Life Insurance based on disability incurred during a period of duty shall be required to submit evidence of qualifying health conditions and, if required, to submit to physical examinations at their own expense.

"(d) Any amount of Veterans' Group Life Insurance in force on any person on the date of his death shall be paid, upon the establishment of a valid claim therefor, pursuant to the provisions of section 770 of this title. However, any designation of beneficiary or beneficiaries for Servicemen's Group Life Insurance filed with a uniformed service until changed, shall be considered a designation of beneficiary or beneficiaries for Veterans' Group Life Insurance, but not for more than sixty days after the effective date of the insured's Veterans' Group Life Insurance, unless at the end of such sixty-day period, the insured is incompetent in which event such designation may continue in force until the disability is removed but not for more than five years after the effective date of the insured's Veterans' Group Life Insurance. Except as indicated above in incompetent cases, after such sixty-day period, any designation of beneficiary or beneficiaries for Veterans' Group Life Insurance to be effective must be by a writing signed by the insured and received by the administrative office established under section 766 (b) of this title.

"(e) An insured under Veterans' Group Life Insurance shall have the right to convert such insurance to an individual policy of life insurance upon written application for conversion made to the participating company he selects and payment of the required premiums. The individual policy will be issued without medical examination on a plan then currently written by such company which does not provide for the payment of any sum less than the face value thereof or for the payment of an additional amount as premiums in the event the insured performs active duty, active duty for training, or inactive duty training. The individual policy will be effective the day after the insured's Veterans' Group Life Insurance terminates by expiration of the five-year term period, except in a case where the insured is eligible to convert at an earlier date by reason of again having become insured under Servicemen's Group Life Insurance, in which event the effective date of the individual policy may not be later than the sixty-first day after he again became so insured. Upon request to the administrative office established under section 766(b) of this title, an insured under Veterans' Group Life Insurance shall be furnished a list of life insurance companies participating in the program established under this subchapter. In addition to the life insurance companies participating in the program established under this subchapter, the list furnished to an insured under this section shall include additional life insurance companies (not so participating) which meet qualifying criteria, terms, and conditions established by the Administrator and agree to sell insurance to former members in accordance with the provisions of this section.

"(f) The provisions of sections 771 (d) and (e) of this title shall be applicable to Veterans' Group Life Insurance. However, a separate accounting shall be required for each program of insurance authorized under this subchapter. In such accounting, the Administrator is authorized to allocate claims and other costs among such programs of insurance according to accepted actuarial principles.

"(g) Any person whose Servicemen's Group Life Insurance was continued in force after termination of duty or discharge from service under the law as in effect prior to the date on which the Veterans' Group Life Insurance program (provided for under section 777 of this title) became effective, and whose coverage under Servicemen's Group Life Insurance terminated less than four years prior to such date, shall be eligible within one year from the effective date of the Veterans' Group Life Insurance program to apply for and be granted Veterans' Group Life Insurance in an amount equal to the amount of his Servicemen's Group Life Insurance which was not converted to an individual policy under prior law. Veterans' Group Life Insurance issued under this subsection shall be issued for a term period equal to five years, less the time elapsing between the termination of the applicant's Servicemen's Group Life Insurance and the effective date on which the Veterans' Group Life Insurance program became effective. Veterans' Group Life Insurance under this subsection shall only be issued upon application to the administrative office established under section 766(b) of this title, payment of the required premium, and proof of good health satisfactory to that office, which proof shall be submitted at the applicant's own expense. Any person who cannot meet the good health requirements for insurance under this subsection solely because of a service-connected disability shall have such disability waived. For each month for which any eligible veteran, whose service-connected disabilities are waived, is insured under this subsection there shall be contributed to the insurer or insurees issuing the policy or policies from the appropriation 'Compensation and Pensions, Veterans' Administration' an amount necessary to cover the cost of the insurance in excess of the premiums established for eligible veterans, including the cost of the excess mortality attributable to such veteran's service-connected disabilities. The Administrator may establish, as he may determine to be necessary according to sound actuarial principles, a separate premium, age groupings for premium purposes, accounting, and reserves for persons granted insurance under this subsection different from those established for other persons granted insurance under this section. Ap-

propriations to carry out the purpose of this section are hereby authorized.

"§ 778. Reinstatement

"Reinstatement of insurance coverage granted under this subchapter but lapsed for nonpayment of premiums shall be under terms and conditions prescribed by the Administrator.

"§ 779. Incontestability

"Subject to the provision of section 773 of this title, insurance coverage granted under this subchapter shall be incontestable from the date of issue, reinstatement, or conversion except for fraud or nonpayment of premium."

(b) The analysis of subchapter III of chapter 19 of title 38, United States Code, is amended by adding at the end thereof the following:

"777. Veterans' Group Life Insurance.
"778. Reinstatement.
"779. Incontestability.".

SEC. 10. Chapter 19 of title 38, United States Code, is amended as follows:

(1) By striking out "Environmental Science Services Administration" wherever it appears in section 765 and inserting in lieu thereof "National Oceanic and Atmospheric Administration".

(2) By striking out "General operating expenses, Veterans' Administration" in clause 3 of subsection (d) of section 769 and inserting in lieu thereof "General Operating Expenses, Veterans' Administration".

(3) By striking out "Bureau of the Budget" in section 774 and inserting in lieu thereof "Office of Management and Budget".

SEC. 11. This Act shall become effective as follows:

(1) The amendments made by section 2, relating to Veterans' Special Life Insurance, shall become effective upon the date of enactment of this Act except that no dividend on such insurance shall be paid prior to January 1, 1974.

(2) The amendments relating to Servicemen's Group Life Insurance coverage on a full-time basis for certain members of the Reserves and National Guard shall become effective upon the date of enactment of this Act.

(3) The amendments increasing the maximum amount of Servicemen's Group Life Insurance shall become effective upon the date of enactment of this Act.

(4) The amendments made by sections 5 (a) (4) and (5) of this Act, and those enacting a Veterans' Group Life Insurance program shall become effective on the first day of the third calendar month following the month in which this Act is enacted.

Mr. HARTKE. Mr. President, as chairman of the Committee on Veterans' Affairs, it is my privilege and pleasure to urge the Senate to approve my bill S. 1835, the Veterans' Insurance Act of 1974. This comprehensive measure which is cosponsored by each member of the Senate Committee on Veterans' Affairs and which was unanimously reported from the committee makes a number of important amendments in insurance programs for active duty servicemen and veterans.

Briefly, the Veterans' Insurance Act of 1974 would make four major amendments to existing law. First, the Veterans' Insurance Act would provide full-time coverage under servicemen's group life insurance—SGLI—for members of the Ready Reserves, National Guard, and certain members of the Retired Reserves who are under 60 years of age and who have completed at least 20 years of satisfactory service. Over 1 million men and women would be eligible for insurance under this provision.

Second, the Veterans' Insurance Act would provide for the automatic conversion of servicemen's group life insurance policy to a nonrenewable 5-year term policy to be known as veterans' group life insurance—VGLI—effective the day after the servicemen's group life insurance expires for the veteran which is usually 120 days after discharge from military service. Also, any veteran whose coverage under servicemen's group life insurance terminated less than 4 years prior to the effective date veterans' group life insurance would be eligible for coverage under veterans' group life insurance for a period equal to 5 years less than time elapsed between the termination of the servicemen's group life insurance policy and the effective date of veterans' group life insurance. Over 3 million veterans would be eligible for VGLI insurance under the provisions of this bill.

Third, the Veterans' Insurance Act would increase the maximum amount of life insurance coverage under servicemen's group life insurance from $15,000 to $20,000 which would bring coverage under SGLI or VGLI more in line with the average amount of insurance carried by American families today, as well as the amount of insurance the Federal Government offers its own employees. It is estimated that almost 99 percent of those who are currently covered under SGLI will elect the coverage in the maximum amount of $20,000. In addition, the committee wishes to note that enactment of this provision will operate to increase SGLI insurance coverage from $15,000 to $20,000 for all policies currently in force for 1,089 servicemen who are currently listed as missing in action in Southeast Asia.

Fourth, the Veterans' Insurance Act would authorize the return of excess premiums currently being paid by Korean conflict veterans for veterans' special term life insurance—VSLI—as a dividend to them. Currently, premiums charged for VSLI are up to 70 percent more than needed to pay for the cost of claims, mortality and administrative charges. But, rather than be returned as dividends to the veteran policyholder, they are retained by the Government. Under amendments made by S. 1835, these overpayments will be returned to the veterans. Dividends are estimated to be as high as $18 a year for policyholders.

Mr. President, as with all legislation reported from the committee which I am privileged to chair, S. 1835, the Veterans' Insurance Act of 1974, is the product of solid bipartisan activity by each member of the committee. I am particularly indebted to Senator HAROLD E. HUGHES, chairman of the Subcommittee on Housing and Insurance and the ranking minority member of the subcommittee, Senator JAMES MCCLURE, who conducted hearings reviewing VA insurance programs and received testimony concerning S. 1835.

The subcommittee received testimony from the Hon. G. V. MONTGOMERY, chairman of the House Veterans' Affairs Subcommittee on Insurance, concerning H.R. 6574, his bill to extend full-time coverage under the servicemen's group life insurance—SGLI—program to certain members of the Ready and Retired Reserves and the National Guard—which provisions are incorporated in S. 1835, as reported. Testimony received from administration spokesmen included that of Odell Vaughn, Chief Benefits Director, Veterans' Administration, and Dr. Theodore C. Marrs, Deputy Assistant Secretary of Defense, Department of Defense. The Adjutant Generals of the National Guard of California, Florida, Iowa, Nevada, and Vermont testified at the subcommittee hearings as did representatives of the National Guard Association and the Reserve Officer's Association of the United States. Also testifying were representatives from the American Legion, Veterans of Foreign Wars, Disabled American Veterans, and the National Association of Concerned Veterans.

Representatives of the insurance industry appearing before the subcommittee included the National Association of Life Underwriters and the president of Ideal National Life Insurance Co.

Finally, the subcommittee received testimony from Dr. Joseph M. Belth, prefossor of insurance at the Graduate School of Business, Indiana University, and the author of "Life Insurance: A Consumer's Handbook."

Mr. President, special mention should also go to Congressman G. V. (SONNY) MONTGOMERY, Chairman of the House Veterans' Affairs Subcommittee on Insurance whose keen interest in providing servicemen's group life insurance to reservists and National Guard members has contributed greatly to the bill which we report today. Finally, it should be noted that comments of the General Counsel of the Veterans' Administration concerning S. 1835 have been a source of inspiration to me and my staff.

Mr. President, there is no need to go into detail about the importance of life insurance. People buy life insurance for a variety of reasons but the primary reason is for financial protection for one's family in case of premature death. Approximately 145 million Americans or 70 percent of the population are insured by one or more life insurance policies having a combined face value of $1.5 trillion. In fact, the Veterans' Administration alone provides insurance coverage exceeding $90 billion through seven life insurance programs it administers or supervises on the behalf of 9 million active duty servicemen and veterans.

Mr. President, I ask unanimous consent that appropriate excerpts from the committee report to S. 1835 which explain the increase in greater detail be included in the RECORD at this point.

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

BACKGROUND AND DISCUSSION

VETERANS' ADMINISTRATION LIFE INSURANCE PROGRAMS

Approximately 145,000,000 people or about 70 percent of the population of the United States are insured by one or more life insurance policies having a combined face value of $1.5 trillion. Comprising about 6 percent of this amount are seven life insurance programs supervised or administered by the Veterans' Administration providing insurance coverage exceeding $90 billion on behalf of 9 million active duty servicemen or veterans.

Servicemen and veterans of World War I were up to $10,000 of United States Government Life Insurance (USGLI) policy. The oldest of Government administered programs, USGLI began in 1919 as the first permanent program for World War I veterans and was offered as a conversion from their inservice yearly renewable term coverage. No new issues of this life insurance have been available since 1951, and at present there are 160,000 policies worth $682 million. Dividends based on excess earnings of insurance premiums are regularly paid with the 1973 declared dividend amounting to approximately $21 million or an average of $143 to be paid by the Government to policyholders.

A second Government administered insurance program, National Service Life Insurance (NSLI), begun in 1940 (and closed to new issues in 1951) similarly offered $10,000 of life insurance to servicemen and veterans of World War II. NSLI is the largest of all veterans' insurance programs today with 4.1 million veteran policies with a face value of $27 billion. NSLI is a self-sustaining program except for the cost of administration and for death claims attributable to the extra hazards of military service which are paid by the Government. Dividends are also paid to NSLI policyholders based upon excess earnings of the NSLI trust fund. The 1973 declared dividend totals $276 million for an average payment of $72 for those insured under the program.

During the Korean conflict, the Government provided a $10,000 indemnity policy to servicemen. Following discharge, veterans were offered a $10,000 non-participating (i.e., non-dividend paying) term policy known as Veterans' Special Term Life Insurance (VSLI). There are about 600,000 VSLI policies in the amount of $5.3 billion currently in force. Not only is VSLI insurance also a self-supporting policy, but the Government earns a "profit" because the premiums paid are regularly in excess of mortality experience. In 1961, Public Law 87–223 did authorize a one-time special dividend to certain VSLI policyholders. Section 2 of the proposed Veterans' Insurance Act of 1974 (discussed hereinafter) would amend title 38 to permit the return of excess premiums to veteran policyholders on a regular basis.

A fourth Government administered self-supporting life insurance policy is Veterans' Reopened Insurance (VRI) which was authorized for a one-year period beginning May 1, 1965 when it became apparent that many disabled World War II and Korean conflict veterans had passed all delimiting dates for Government life insurance—and were either unable to obtain commercial life insurance coverage or could not obtain it at a reasonable cost. The one-year reopening resulted in about 210,000 veterans purchasing VRI life insurance. Currently, there are about 189,000 policies in force with a face amount of $1.3 billion.

The fifth VA policy is Service-Disabled Veterans Insurance (known as RH policies), which was first authorized in 1951 and is still open to new issues. This program is designed to assure service disabled veterans the ability to obtain life insurance at standard rates without regard to the physical impairment. Veterans with service-connected ratings for compensation purposes in the amount of 10 percent or more in degree and who are otherwise insurable have up to one year from the date of notice of such VA rating to apply for RH coverage. Disabled veterans may obtain $10,000 and in some cases up to $25,000 in life insurance at a standard rate. Since the RH program insures substandard risks at standard premium rates, it is the only Government administered insurance program which is not self-supporting. The cost to the Government in fiscal year 1973 was $13.6 million. There are approximately 145,000 policies in force at face value amount of $1.3 billion.

Finally, there are two Government life insurance policies which are *administered* by private insurance companies and supervised by the Veterans' Administration. The first is Veterans' Mortgage Life Insurance (VMLI) created in the last Congress by Public Law 92–95 which provides mortgage protection life insurance up to $30,000 at standard premium rates for any veteran who receives a Veterans' Administration grant for specially adapted housing. The Veterans' Administration assumes the excess cost attributable to the veteran's disability which in fiscal year 1974 is approximately $4.2 million. As of December 31, 1973, 4,972 veterans had purchased mortgage protection life insurance in the amount of $101 million under the new program.

The second and largest of the VA supervised insurance policies administered by private insurance is Servicemen's Group Life Insurance (SGLI). First authorized in 1965 by Public Law 89–214, SGLI has provided Vietnam era servicemen with a maximum $15,000 term insurance policy at low premiums (presently $2.50 a month for maximum coverage) which are handled by military payroll deductions. Coverage is optional and the servicemen may elect insurance in smaller amount of $10,000, $5,000, or not at all. Coverage is available to active duty servicemen and to Reserve, National Guard, and ROTC members while they are on active duty for training. Congress extended SGLI to cover cadets and midshipmen at the four service academies last year in Public Law 92–315. As of December 31, 1973, 3,522,000 policies in the face value amount of $38.3 billion are in force. These policies are divided between 2,517,000 policies held by active duty servicemen with a face value amount of $37.1 billion and 1,005,000 temporary policies with a face value amount of $1.7 billion held by Reservists while on active duty.

The SGLI program is supervised by the Veterans' Administration and is administered by Prudential Insurance Company, Newark, New Jersey, as primary insurer through a contractual agreement with the VA. This insurance is reinsured on a formula basis prescribed by the Administrator with as many qualified commercial companies as elect to participate. Presently, 584 companies are participating in this program as reinsurers and converters and an additional 32 are participating as converters only. Under existing law, following his discharge, the veteran has 120 days within which he may convert all or part of his SGLI term coverage without evidence of insurability to a cash value policy with one of the 616 participating commercial life insurance companies. The law provides that such policies must be converted to a cash value form of insurance.

Amendments made by this bill would extend SGLI coverage on a full-time basis to Reservists and National Guard members, increase the maximum amount of insurance from $15,000 to $20,000 and also establish a new five-year limited term Veterans' Group Life Insurance policy, which are discussed below.

VETERANS' SPECIAL TERM LIFE INSURANCE AMENDMENTS

S. 1835, as reported, would correct a continuing and long standing inequity concerning Korean conflict veterans by authorizing the payment of dividends on Veterans' Special Term Life Insurance (VSLI). The Government provided Korean conflict servicemen with a $10,000 indemnity policy during their active duty service. The VSLI program was first authorized beginning April 25, 1951 to allow Korean conflict veterans to purchase Government sponsored life insurance following their military duty and was closed to new issues on December 31, 1956. VSLI was issued to veterans of the Korean conflict who applied for insurance within 120 days after their discharge from service during that period. As originally authorized, this insurance was nonconvertible (there were no permanent plans) and nonparticipating (no dividends were payable). Public Law 85–896, effective January 1, 1959, amended section 723 of title 38, United States Code, to authorize the conversion or exchange of Veterans' Special Term Insurance to a permanent whole life insurance plan (W-ordinary life) or to a limited convertible term policy which could not be renewed after age 50 (W–LCT). All term insurance continued to be nonparticipating. As of December 31, 1973, there were 43,000 policies of VSLI in force which had not been converted or exchanged, and 557,800 that had been so converted or exchanged as shown in the following table:

TABLE 1.—VSLI POLICYHOLDER DISTRIBUTION

Type and plan	Number of policyholders	Amount of insurance (millions)
RS—5 LPT	43,000	$389
W—5 LCT	371,000	3,406
W—permanent	179,000	1,416
Extended term [1]	7,800	57
Total	600,800	5,268

[1] The extended term plan policies represent W—permanent plans which are lapsed but are continued in force under the extended insurance provision of the policy.

The premiums charged to these Korean war veterans with term policies (based upon the Commissioners 1941 Standard Ordinary Table of Mortality) are far in excess of mortality experience. Following a long established procedure, Veterans' Administration insurance premium rates are usually set conservatively by the actuarial process. For example, it is estimated for fiscal 1974 overpayments for NSLI were 31 percent and for SGLI, 22 percent. Once such excess premiums are precisely established and confirmed under those policies, they are of course returned to the veteran in the form of dividend payments. But premiums charged for VSLI are up to 70 percent more than are needed to pay for the cost of claims, mortality, and administrative charges; and rather than returned as dividends to the veteran policyholder, they are retained by the Government. With the exception of a one-time special dividend for some VSLI policyholders authorized in 1961 by Public Law 87–233, all premiums overcharges are retained by the Administrator who periodically transfers from the revolving fund to general fund receipts in the Treasury such amounts as he determines are in excess of actuarial liabilities of the fund (including contingency reserves). Since 1961, in excess of $47 million has been transferred from the section 723 revolving fund to the Treasury.

The following table illustrates excess premiums collected by the Veterans' Administration (which they prefer to designate as "Gain from Operations") since 1965:

TABLE 2.—VSLI GAINS, TRANSFERS AND SURPLUS

[In millions of dollars]

Calendar year	Gain from operations	Transferred to U.S. Treasury	Surplus
1965			11.5
1966	2.7	7.0	7.2
1967	2.8	8.0	2.0
1968	3.8	2.0	3.8
1969	4.8	2.5	6.1
1970	4.7	6.5	4.3
1971	6.4	7.0	3.7
1972	5.6	8.0	1.3
1973 (estimated)	8.1	6.0	3.4
1974 (estimated)	10.2		

Section 2 of the bill would authorize payment of dividends on Veterans' Special Term

Life Insurance continued in force or converted or exchanged. Following policy coordination with the Office of Management and Budget, the Veterans' Administration formally opposed the return of the overcharges to veteran policyholders in testimony before the Committee. The Administration has attempted to justify its opposition by suggesting that the overpayments should be applied to the small deficit sustained by Service-Disabled Veterans Insurance, the only non-self-supporting Government administered insurance program. The Committee has carefully considered and rejected this argument. It believes the obligation incurred by our country concerning its veterans are obligations owed by the Nation as a whole and not by any particular segment of the population. A principle that is equally fundamental to the Committee is that it never intended by Congress that the Government overcharge war veterans for insurance and make a profit on that overcharge. Ending Government retention of overcharges and converting VSLI to dividend paying policies will correct what the VFW in testimony before the Committee has termed a "gross inequity."

Section 2 would operate prospectively with current and future premium overcharges being returned as dividends. The premiums paid by each insured for his particular amount, plan and age of issue will not change. However, the dividends he will receive as a part of this act will have the result of reducing the net cost of the veteran's insurance. These dividends may also be used to purchase additional paid-up insurance. Although the final figures for calendar year 1973 are not yet available, a reliable estimate of the excess premiums would be $8.1 million. From this amount, $6 million has been transferred to the U.S. Treasury leaving an unassigned surplus of $2.1 million which, when added to the 1972 surplus, results in a total of $3.4 million. It is currently estimated that the excess premiums or "net gain from operation" for calendar year 1974 will amount to $10.2 million. Predicated on a dividend of $6 million being declared in 1975, the unassigned surplus would then be increased to $7.6 million. If current trends continue, the net gain from operations in 1975 would be $12 million resulting in an estimated 1976 dividend of $9.1 million and leaving a surplus of $10.5 million at the end of the calendar year 1975. This surplus would guard against the possible reduction in the amount of future dividends due to a loss in interest earnings or adverse mortality experience and would also provide a means for "leveling off" or making slight increases in future dividend distribution. A first year dividend of $6 million would be distributed as shown in the following table:

TABLE 3.—ANTICIPATED 1ST-YEAR VSLI DIVIDEND

	Amount
RS (5-year level premium term)	$545,000
W (5-year limited convertible term)	955,000
W (Permanent plan)	4,500,000
Total	6,000,000

The following table further reflects the effect on a representative RS policyholder and a representative W policyholder when the fund becomes participating. For RS and W term policyholders, the table uses age 41, which is their current average age. The table uses age 30 for permanent plan policyholders based on the average 1963 effective year of conversion:

TABLE 4.—EFFECT OF AMENDMENT ON TYPICAL VSLI POLICYHOLDERS

	RS (5 LPT)	W (5 LCT)	W (ordinary life)
Issue age	41	41	30
Year of issue	1972	1972	1963
Average amount of insurance	$8,900	$9,100	$8,000
Premium	$66.22	$29.48	$110.40
Estimated dividend (average per policy)	$12.46	$2.55	$18.80
Net cost per policy	$53.76	$26.93	$91.60
Net cost per $1,000	$6.04	$2.95	$11.45

PROVISION OF FULL-TIME SGLI TO MEMBERS OF THE RESERVES AND NATIONAL GUARD

Section 3 of S. 1835, as reported, would offer Servicemen's Group Life Insurance coverage on a full-time basis to certain members of the Reserves and National Guard. Members of the Selected Reserve and certain members of the Retired Reserve to age 60 would be entitled to purchase a SGLI policy providing full-time term life insurance coverage up to a maximum amount of $20,000 (as authorized by section 4 of this act.) Great interest has been generated among those who believe that extension of this term life insurance coverage will act as a significant incentive to enlist and retain coverage will act as a significant incentive to enlist and retain Reservists and Guardsmen. The Honorable G. V. Montgomery, Chairman of the House Veterans' Affairs Subcommittee on Insurance, expressed particular concern about the need to bring the personnel strength of Reserves and National Guard up to authorized levels and sponsored H.R. 6374 to extend SGLI insurance to such members. Following hearings before his Subcommittee, Representative Montgomery's bill received nearly unanimous House approval this past year.

There appears to be no question that in the age of the All Volunteer Army the inducement to enlist in the Reserves and National Guard has been reduced. Reserve forces, which now comprise 30 percent of the total military forces available to the country, are about 10 percent below their authorized strength. (By contrast, National Guard strength was at 100 percent as recently as two years ago.) The following table supplied by the Department of Defense indicates authorized strength, existing personnel shortages and anticipated shortages by the end of the current fiscal year:

TABLE 5.—AUTHORIZED AND ACTUAL RESERVE AND NATIONAL GUARD STRENGTH

	Mobilization manning objective (minimum level of manning required)	Actual strength, Jan. 31, 1974	Deficiencies
Army National Guard	411,979	396,423	−15,556
Air National Guard	92,291	92,870	+579
Total, National Guard	504,270	489,293	−14,977
Army Reserve	260,554	227,702	−32,852
Navy Reserve	116,981	117,800	+819
Marine Reserve	39,488	32,425	−7,063
Air Force Reserve	49,773	46,562	−3,211
Total, Reserves	466,796	378,489	−42,307
Grand total	971,066	867,782	−57,284

Dr. Theodore Marrs, Deputy Assistant Secretary of Defense (Reserve and Manpower), testifying in support of S. 1835 said:

"In view of increased dependence on the Guard and Reserve and the necessity to have adequate manning and the contribution that this makes to appealing in the area of both recruiting and retention, we feel it very important that this be passed."

Major General Henry W. McMillan, Adjutant General, National Guard Association of Florida, noted in his testimony that the National Guard and certain elements of the Army Reserve have been assigned high priority missions:

". . . some of which call for rapid deployment to overseas following mobilization. This new and more critical role makes it urgent that we maintain strength levels commensurate with our readiness objectives and timetables."

And, Representative Montgomery has said:

"I think we are all aware that in the event we are faced with an emergency situation, the draft will be the last means of resort, not the first. The Reserves will oversee the call-up and we must ensure that the strengths are adequate to meet any situation."

Numerous formal and informal surveys have been conducted in recent years on why people join the Guard and Reserve and what actions might encourage more people to do so. A national Gilbert Youth Survey conducted for the Department of Defense on the attitudes of civilian youth towards military service found that in a "no draft" situation 15 percent of those surveyed would be attracted by the incentive of Service's Group Life Insurance. Surprisingly, 9 percent of the survey listed full-time insurance coverage as their first preference among various recruitment incentives.

As to retention of existing personnel, another survey, entitled "Maintenance of Reserve Components In A Volunteer Environment," conducted by Research Analysis Corporation for the Department of Defense found that 27 percent of our Army National Guard personnel and 23 percent of the United States Army Reservists would reenlist based upon the incentive of SGLI insurance coverage.

The Department of Defense has informed the Committee that approximately 910,000 men and women would be eligible for full-time SGLI coverage if S. 1835 were enacted. Of that number, the Defense Department estimates that 97 percent will elect coverage (and 99 percent will choose maximum coverage in the amount of $20,000).

Full-time coverage under SGLI would also be authorized for persons assigned to or who upon application would be eligible for assignment to the Retired Reserve of a uniformed service who are under 60 years of age and who have completed at least 20 years of satisfactory service creditable for retirement purposes under chapter 67 of title 10, United States Code. Presently, members of the Retired Reserve have no eligibility under SGLI. Often a Guardsman or Reservist retires at age 45 having completed 20 years of service yet is ineligible for any retirement pay until he is 60. This measure would provide full-time coverage up to $20,000 during the interim period between his 45th and 60th birthdays and provide a measure of protection for the Retired Reservist's family. Representatives of the Department of Defense and members of various National Guard units throughout the United States testified as to a number of tragic circumstances occurring with respect to Retired Reservists who had not yet reached the age of 60 and qualified for retirement pay and survivor benefits.

As Major General Joe May, Adjutant General of Iowa noted:

"Since they had not begun to receive their retirement pay, their widows were not eligible for any benefits. These men all were dedicated public servants, and I feel all should have been afforded some protection benefits for their survivors."

The following table indicates the number of Reservists presently eligible for retired pay under 60 years of age who would be made eligible under this provision.

Table 6.—Reservists presently eligible for retired pay under 60 years of age

Army Reserve	28,500
Air Force Reserve	29,700
Naval Reserve	53,169
Marine Corps Reserve	3,367
Coast Guard Reserve	908
Total	115,644

As reported in S. 1835, the extension of Servicemen's Group Life Insurance to Reservists and National Guard members is strongly supported by the Department of Defense and the Veterans' Administration. All veterans' organizations, the Reserve Officer's Association, and the National Guard Association of the United States also testified in strong support of this provision.

Increase in maximum insurance coverage from $15,000 to $20,000

The bill as reported would increase the maximum amount of life insurance coverage available under Servicemen's Group Life Insurance (as well as under the new VGLI program created by this act) from $15,000 to $20,000. As under current law, eligible members can elect to be insured in lesser amounts of $15,000, $10,000, or $5,000, or not at all. The monthly premiums for Servicemen's Group Life Insurance are presently $2.55 for $15,000 or approximately 85c per each $5,000 of insurance. The increase in maximum coverage under SGLI or VGLI insurance is to be financed by an increase in premiums paid by the serviceman or the veteran. If current premiums remain consistent, the maximum coverage for $20,000 would cost the serviceman or veteran approximately $3.55 per month. Cost to the Government would accrue only to the extent of adverse mortality experience related to the extra hazard of military service. No foreseeable cost to the Government is anticipated as a result of the termination of hostilities in Southeast Asia.

The Committee is convinced that the increased coverage authorized in the reported bill is justified both by current economic living conditions and by the average amount of insurance coverage in force today. It should be noted that the War Risk Insurance Act of October 6, 1917, first established a program of Government insurance for those serving in the Armed Forces which allowed $10,000 of coverage. In the following 57 years of Government administered or supervised life insurance, the maximum amount of coverage has increased only once, by Public Law 91-291, approved June 25, 1970, in which the maximum coverage under SGLI was increased to $15,000. The American Legion noted in its testimony supporting an increase in the maximum coverage level that, in terms of today's purchasing power, it takes approximately $3 today to buy what $1 purchased in 1919, when a $10,000 life insurance policy was first authorized.

Increasing the maximum amount of available SGLI or VGLI insurance would also bring its coverage more in line with the average amount of insurance carried by American families today and the amount of insurance the Federal Government offers its own civilian employees. In 1971, for example, the average amount of insurance coverage for insured families was approximately $25,700. Federal Civil Service employees may purchase group term life insurance in the amount of $20,000.

Currently, more than 97 percent of those eligible for Servicemen's Group Life Insurance elect coverage; of that number, 99 percent are insured for the maximum available amount of $15,000. Representatives of the Department of Defense and the Veterans' Administration both testified that they anticipated that nearly all servicemen who currently are insured under SGLI would also choose the maximum coverage of $20,000 if made available as the reported bill authorizes.

If the veteran decides to exercise his statutory right to convert his SGLI or VGLI to a whole life insurance policy with a participating commercial insurance company, he would now be converting at an amount which more clearly approximates the average insurance coverage held by American families. A Veterans' Administration survey conducted in 1971 of those who exercised conversion rights under SGLI found that 85.8 percent purchased a commercial whole life insurance conversion policy in the maximum amount of $15,000. Thus, based upon the historical record, the insurance industry may reasonably expect the overwhelming majority of its conversion policy sales to be for the new maximum level of $20,000.

In his testimony supporting the increase in the maximum amount of insurance coverage in S. 1835, Defense Department Deputy Assistant Secretary Marrs noted that in 1971 the President appointed an interagency committee to review the Military Retirement and Survivors Benefits system and to recommend such changes as were found necessary or desirable including the adequacy of the Servicemen's Group Life Insurance program. After careful consideration, the Interagency Committee recommended that the maximum amount of SGLI insurance coverage be increased to $20,000 and reported that:

"The insurance plan is the other element of active duty survivor benefits where a requirement to change exists. Although the SGLI maximum was increased in 1970 from $10,000 to $15,000, the first quadrennial review of military compensation had recommended, as a result of its extensive studies, that the maximum be increased to $20,000. The committee believes the reasoning for that recommendation continues to be sound. Increasing maximum SGLI coverage, would improve the attractiveness of the uniformed services' total compensation package. This improvement would be attained at a relatively low cost to the Government since the Government's costs with the SGLI program are primarily administrative; of course, the Government would pay the extra hazard costs that are based on the actual mortality experience of the services. A further reason for revising the insurance coverage exists when uniformed service insurance coverage is compared with that available under the Federal civil service plan. All service employees may obtain at least $20,000 worth of coverage. Some are permitted to purchase significantly greater amounts."

The Subcommittee on Housing and Insurance also received testimony in support of this provision from representatives of all major veterans' organizations, the Reserve Officer's Association and the National Guard Association.

The Committee also wishes to note that enactment of this provision will operate to increase SGLI insurance coverage from $15,000 to $20,000 for all policies currently in force for the 1,089 servicemen who are listed as Missing in Action in Southeast Asia (total number as of February 16, 1974). According to the Department of Defense, every one of these servicemen is insured by SGLI.

Veterans' group life insurance

S. 1835, as reported, would authorize the conversion of Servicemen's Group Life Insurance to a new five-year limited term insurance policy to be known as Veterans' Group Life Insurance (VGLI). Designed to provide low-cost insurance protection during the readjustment period experienced by Vietnam era veterans following their separation from active military duty, VGLI is closely patterned after SGLI insurance now in force. As with SGLI, Veterans' Group Life Insurance would offer low-cost term insurance in a maximum amount of $20,000 for up to five years during the veteran's readjustment transition. The insurance will be provided by private insurers as part of a group VGLI contract to be awarded on a competitive basis by the Veterans' Administration and supervised by that agency. Following that five-year period of coverage, the veteran policyholder would then have an enforceable statutory right (as he does now under SGLI) to convert his insurance to a commercial whole life policy with any one of the 600 private insurance companies expected to participate in the VGLI program.

Major impetus for the establishment of VGLI derives from the experience of Vietnam era veterans who were insured under SGLI during their military service. Existing law provides that in most cases SGLI insurance coverage ceases 120 days following a serviceman's release from active duty service (totally disabled veterans who are insured under SGLI have up to one year after discharge). During that 120-day period, the veteran has a statutory right to convert his SGLI coverage to a commercial whole life policy (in the same or lesser amount) offered by one of the participating private life insurance companies. In practice, current policy appears to have serious deficiencies. A survey of the SGLI program conducted by the Veterans' Administration in 1971 found, for instance, that only one-third of SGLI policyholders were converting to commercial insurance following military discharge. And, of those who did convert, VA testimony before the Committee revealed that there was a "high-lapse ratio after the first year." The reasons for low-conversion rates (and high-lapse ratios for those that do) are varied but most would appear to support the need to establish a Veterans' Group Life Insurance program as contemplated in S. 1835.

First, of course, is the fact that upon discharge many young veterans are concerned with matters other than life insurance coverage. In the words of one Administration witness, ". . . young men tend to ignore their life insurance needs." Consequently the 120-day conversion period has often run its course with the veteran either forgetting, being unaware, or unconcerned about his insurance needs. The 1971 VA study found that 38.7 percent of young veterans surveyed believed that they "had enough life insurance" and an additional 13 percent either forgot or were unaware of their SGLI conversion rights. Finally, and perhaps most significantly, the Veterans' Administration study also revealed that inability to afford insurance coverage was a major reason for low conversion. Quite naturally, life insurance hardly appears to be a priority to the young ex-serviceman concerned with all the obvious readjustment problems of additional schooling, finding an additional job, beginning a family, and buying a home. One hundred twenty days passes swiftly and the veteran often finds himself with no insurance coverage. His financial situation too often prohibits him from taking out any insurance, much less adequate insurance. Veterans' Group Life Insurance is intended to provide a low-cost policy of life insurance during this readjustment period following which the veteran will be in a better position to recognize the value of commercial life insurance and to purchase that amount which he considers adequate and necessary.

In strongly supporting the establishment of VGLI insurance, the Veterans' Administration has reported that if a veteran 20-30 years of age today buys a $15,000 ordinary life policy with no added benefits from a company which will pay dividends, a typical monthly premium will be about $21. This

cost would of course be reduced in the future as dividends are declared. Veterans' Group Life Insurance as proposed by this bill, however, would reduce by more than seventy-five percent most veterans' initial outlay for the same amount of insurance during these critical years of readjustment.

As the VA noted in its report to S. 1835:

"While the coverage is limited term life insurance only, the premium reduction is of particular importance to those veterans readjusting to civilian life, many of whom have limited incomes and many of whom will undertake programs of education during which time they will not have an income from employment."

The high-lapse ratio of veterans who have converted to commercial whole life policies also tends to support the presumption that such payments are difficult to make for young veterans generally confronted with substantial expenses and modest incomes. Veterans' Administration studies also reveal that the lower the educational level of a veteran the higher the rate of response that he could not afford to convert his SGLI policy. In further analyzing statistics gathered by the survey, the Veterans' Administration noted that they "would appear to indicate that a relatively high percentage of Negro veterans felt they needed insurance but could not afford it."

The Committee also received testimony supporting VGLI from James M. Mayer, President of the National Association of Concerned Veterans (formerly the National Association of Collegiate Veterans) which represents 300,000 Vietnam era veterans. Mayer noted that:

"SGLI seems to presume that most young veterans will convert their service coverage to an individual policy with a private firm. However, this situation simply was not an opportunity for many Vietnam-era veterans. There are a number of reasons for this predicament, including the following:

"1. Upon return, the younger veteran is closer to poverty than financial autonomy. This discourages the veteran from making adequate, yet expensive, life insurance a priority in readjustment.

"2. Most young veterans have little knowledge of the complexities or the value of life insurance. While the hazards of possible combat taught young veterans the value of coverage inservice, an ambivalent view on insurance exists in their civilian life.

"3. Because of the young veteran's immediate concerns, the 120-day eligibility period is usually over before most have secured even the most basic services or benefits.

"4. An extraordinary number of Vietnam-era veterans have been contacted by various commercial interests. Some of these contacts have resulted from less-than-ethical transfers of mailing lists. Some of these contacts are of a shoddy opportunity.

"Repeated inundation by market-oriented groups has accentuated the veterans' skepticism of such offers. Therefore, the popularity of such terms as "junk mail" and "rip offs" is rampant among young veterans.

"Legislation, such as S. 1835, is necessary to correct these circumstances. This legislation should provide maximum opportunities for all Vietnam-era veterans—especially the disabled and low-income veterans."

In its testimony the Veterans of Foreign Wars observed that for the young veteran:

"The first five years after discharge from service are often the hardest. Money is scarce. If married, the veteran needs life insurance protection."

Consistent with the foregoing factors, VGLI would also be offered on a limited retroactive basis to many of the 6 million Vietnam era veterans previously separated from service who did not convert their SGLI policies or whose commercial policies lapsed for nonpayment. The Committee is convinced that a young veteran discharged yesterday has the same readjustment problems, and will continue to have those problems, during the next five years as would a veteran discharged tomorrow. Under this retroactive provision, VGLI would be issued for a term period equal to five years less any time lapse in the termination of the applicant's Servicemen's Group Life Insurance and the effective date of the VGLI program. For example, the veteran who was discharged a year ago would be entitled to Veterans' Group Life Insurance for a period of four years. A veteran discharged two years ago would be entitled to VGLI for a period of three years, and so on. For retroactive coverage, proof of good health would be required, except that any veteran who could not meet the good health requirements for insurance under this subsection solely because of a service-connected disability would have such disability waived.

While generally conceding the logic of retroactive application of VGLI insurance to cover veterans with similar readjustment needs, the Veterans' Administration expressed a number of technical reservations concerning the operation of the provisions as introduced. These included the problems of "adverse selections" by service-connected disabled veterans made retroactively eligible which could result in increased premiums. The Veterans' Administration estimates that, on an annual basis, such "adverse selection" could increase premiums by about 10¢ per thousand or about $2.00 a year for veterans insured in the maximum amount of $20,000. The Veterans' Administration was also concerned about the difficulties in administration which might be created by a large open period for enrollment by those retroactively eligible. In response, the Committee has made a number of technical amendments in the reported bill which it believes meets the reservations expressed. For example, a separate risk pool is authorized for those made eligible under retroactive provisions so as not to penalize those currently being discharged. Further, the opportunity to participate in the VGLI insurance program on a retroactive basis must be exercised by the veteran within one year following enactment of the program. In the past five years, almost 4.5 million veterans have been separated from the uniformed services. Approximately 97 prcent of those veterans were insured under SGLI and hence would be eligible for VGLI as shown in the following table:

TABLE 7.—*Vietnam era veteran separations from service, fiscal year 1971–74*

Fiscal year:	Total discharged
1971	1,014,000
1972	890,000
1973	570,000
1974 (estimate)	500,000

Following the five-year period of the term insurance coverage in which the veteran will have "adjusted socially and economically" according to the Veterans' Administration, it can be assumed that he will have substantially completed his education under the GI bill and will have settled into a more regular framework of employment and family life. With increased education, maturity, and a better sense of his financial responsibilities, he will be in a superior position to decide his insurance needs, if any, and to intelligently exercise his conversion rights as he sees best. It would certainly appear that by five years following discharge the veteran would be more able to afford commercial life insurance should he decide to convert his VGLI policy. It would also appear that there would be less chance that such policies would lapse for nonpayment than is the case currently. Veterans' Group Life Insurance should also be beneficial to private insurance companies assuming the accuracy of VA estimates that a significantly higher percentage of veterans would convert their VGLI policies than they do now under SGLI.

The following table indicates the number of servicemen who would be made eligible for VGLI coverage during the next three fiscal years.

TABLE 8.—*Estimated Vietnam era veteran separations from service, fiscal years 1975–78*

Fiscal year:	Total discharged
1975	460,000
1976	450,000
1977	450,000
1978	450,000

COST ESTIMATES

In accordance with section 252(a) of the Legislative Reorganization Act of 1970 (Public Law 91–510, 91st Congress), the Committee, based on information supplied by the Veterans' Administration, estimates that the only significant costs attributable to this bill are occasioned by section 2 of the bill authorizing the payment of dividends on Veterans' Special Life Insurance. The Veterans' Administration estimates that approximately $6 million a year in excess premiums paid in by policyholders would be returned to the veterans instead of being transferred to the Treasury under current practice. The Veterans' Administration anticipates administrative costs of approximately $200,000 in connection with the payment of dividends during the first year with no significant costs during the succeeding four. As to the remainder of the act, the Veterans' Administration has advised the Committee as follows:

"The insurance benefits provided by the bill are practical and actuarially sound. All of the claims of the cost of the bill would be borne by the insureds. There is no foreseeable possibility of an extra hazard cost to be borne by the Government. All of the administrative costs of the bill to the Veterans' Administration and to the commercial insurers would be borne by the insureds. There would also be some minor costs not estimated as the Veterans' Administration with regard to the administrative costs amending group policy, printing the necessary forms, and updating handbooks and pamphlets."

TABULATION OF VOTES CAST IN COMMITTEE

Pursuant to section 133(b) of the Legislative Reorganization Act of 1946, as amended, the following is a tabulation of votes cast in person or by proxy of the Members of the Committee on Veterans' Affairs on a motion to report S. 1835, with amendments, favorably to the Senate:

Yeas—9. Vance Hartke; Herman E. Talmadge; Jennings Randolph; Harold E. Hughes; Alan Cranston; Clifford P. Hansen; Strom Thurmond; Robert T. Stafford; and James A. McClure.

Nays—0.

SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 1835, AS REPORTED

SECTION 1

This section provides that the proposed Act may be cited as the Veterans' Insurance Act of 1974.

SECTION 2

Subsection (a) of section 2 amends section 723 of subchapter I of chapter 19 of title 38, United States Code, to authorize the payment of dividends on Veterans' Special Term Insurance continued in force or converted or exchanged in accordance with the provisions of that section.

Clause 1 of subsection (a) amends the catch line to section 723 to read Veterans' Special Life Insurance.

Clause 2 of subsection (a) amends section 723(a)(4) by providing that the five-year level premium term policies authorized under this section will be participating policies (i.e., dividend paying) rather than nonparticipating as limited by current law. All premiums and interest earned thereon in excess of liabilities shall be available for the payment of dividends and refunds of unearned premiums to the policyholders.

Clause 3 of subsection (a) amends section 723(b)(5) by providing that the five-year limited convertible term policies authorized under this section will be participating policies (i.e., dividend paying) rather than nonparticipating as limited by current law. All premiums and interest earned thereon in excess of liabilities shall be available for the payment of dividends and refunds of unearned premiums to the policyholders.

Clause 4 of subsection (a) repeals sections 723(d) and 723(e). Section 723(d) refers to a one-time special dividend which the Administrator was directed to pay to policyholders under *this section* pursuant to Public Law 87–223. Payments were authorized only from 1961 to 1963 and the provision is now obsolete and inapplicable. Section 723(e) directing the Administrator to periodically transfer excess amounts from the revolving fund established in subsection (a) into the Veterans' Insurance and Indemnity Fund is repealed because amendments made in this act would convert all insurance policies under section 723 from nonparticipating to participating. Excess funds will now be paid directly to the policyholders themselves.

Subsection (b) amends the analysis of section 723 of chapter 19 of title 38 to correspond with the change in the title of that section to Veterans' Special Life Insurance.

SECTION 3

This section amends section 765(5) to broaden the definition of "member" (i.e., person eligible for coverage under SGLI) to include Ready Reserve members who are assigned to a unit or position in which they may be required to perform active duty (or active duty for training) and who each year will be scheduled to perform at least twelve periods of inactive duty training that is creditable for retirement purposes under chapter 67 of title 10, United States Code. By virtue of 10 U.S.C. 269(b) and 32 U.S.C. 101 (5) and (7) members of the Army and Air National Guard are deemed to be members of the Ready Reserve and hence are included in this amended definition of member. The effects of this amended definition will be to expand to Ready Reserve and National Guard members full-time SGLI coverage. Under current law, members of the Reserves and National Guard are covered under SGLI only under the following circumstances: (1) when such member is on active duty or active duty for training; (2) when such member is called or ordered to duty that specifies a period of less than 31 days during the hours of scheduled inactive duty training; or (3) while such member is traveling to or from official duties. In addition, the term "member" is also amended by this section to include any person assigned to the Retired Reserves who (1) has not received the first increment of his retirement pay or has not reached his 61st birthday; and (2) who has completed at least 20 years of satisfactory service creditable for retirement purposes under chapter 67 of title 10.

SECTION 4

Clause 1 amends section 767(a) providing automatic coverage under SGLI to reflect the broader definition of "member" in section 765 (as amended by section 3 of this act) to include members of the Ready and Retired Reserves. The maximum amount of automatic coverage is increased from $15,000 to $20,000 with an option to the member to elect insurance coverage in a lesser amount of $15,000, $10,000, $5,000, or not at all.

Clause 2 amends section 767(b) to provide that, with respect to any member on active duty or active duty for training for less than 31 days, on inactive duty training scheduled in advance, or traveling to or from such duty, SGLI coverage will be extended from 90 to 120 days after that period of duty or travel, if during such a period a disability was incurred or aggravated which rendered the member uninsurable or caused his death.

Clause 3 amends section 767(c) relating to subsequent election of coverage to reflect the increase in the maximum amount of SGLI insurance coverage from $15,000 to $20,000 made by this act. This section is also amended by providing for automatic SGLI coverage in any event where a member eligible for SGLI has declined coverage solely to maintain a Veterans' Group Life Insurance (VGLI) policy (authorized in section 9 of this act) which is subsequently terminated.

SECTION 5

Subsection (a) of section 768 relating to duration and termination of SGLI coverage and conversion rights is amended to reflect the extension of full-time SGLI coverage to members of the Ready and Retired Reserves.

Clause 1 amends section 768(a) which provides automatic coverage under SGLI unless the eligible member elects not to be covered to reflect the broader definition of "member" in section 765 (as amended by section 3 of this act).

Clause 2 amends clauses 2 and 3 of section 768(a) to extend SGLI coverage from 90 to 120 days in the case of any member on active duty or active duty training for less than 31 days, or on inactive duty training scheduled in advance, where such training results in a disability or aggravates a pre-existing condition. Under current law, SGLI coverage normally terminates on such member's last day of active duty or scheduled training. If a disability is incurred or aggravated, however, coverage may be extended 90 days so that, if death results within that period, the insurance policy is in effect and is payable to the insured's beneficiary. The amendment made by this clause would extend that period from 90 to 120 days.

Clause 3 would add new clauses 4 and 5 to section 768(a). New clause 4 provides that SGLI coverage for a Ready Reserve member shall cease 120 days after separation or release from assignment unless on the date of that separation the member is (A) totally disabled, in which case the insurance shall continue in force for one year after discharge or until the member is no longer disabled whichever is earlier, or (B) has completed at least 20 years of satisfactory service creditable for retirement purposes under chapter 67 of title 10 and would thus be eligible for assignment to the Retired Reserves. In this latter circumstance—unless the insurance is converted to an individual whole life commercial policy under terms set forth under new section 777(e)—SGLI coverage will continue upon timely payment of premiums until the member receives the first increment of his retirement pay or reaches his 61st birthday, whichever is earlier. Under the new clause 5, a member assigned to the Retired Reserve, prior to the effective date of the extension of SGLI insurance for that group, will be entitled to coverage until such member receives the first increment of his retirement pay or reaches his 61st birthday, whichever is earlier.

Clause 4 amends section 768(b) to provide that the day after SGLI coverage ceases for active duty members, the insured's policy is automatically converted to a five-year limited term policy known as Veterans' Group Life Insurance provided for in new section 777 (created by section 9 of this act). Members of the Ready Reserve and Retired Reserve, however, would not be eligible for Veterans' Group Life Insurance. Servicemen's Group Life Insurance coverage ceases for such Reserve members 120 days after separation unless on the date of separation the insured has completed at least 20 years of satisfactory service creditable for retirement purposes under chapter 67 of title 10 and is eligible for assignment to the Retired Reserves. In such circumstances, unless the insurance is converted to a whole life commercial insurance policy within 120 days after separation, SGLI coverage will continue until the insured receives his first retirement pay or reaches his 61st birthday, whichever is earlier.

Clause 5 repeals section 768(c) providing the conditions and procedures for conversion of a SGLI policy to a whole life commercial private policy. Those provisions are now found in new section 777(e), which also provides for the conversion of SGLI to Veterans' Group Life Insurance.

Subsection (b) is a savings provision which preserves existing conversion rights for servicemen with SGLI policies who were released from the service prior to the effective date of the new Veterans' Group Life Insurance program provided for in section 9 of this act.

SECTION 6

This section makes a number of technical amendments and one substantive change to section 769 relating to deductions, payment, interest, and expenses under Servicemen's Group Life Insurance programs.

Clause 1 makes technical amendments to paragraphs 1 and 2 of section 769(a) to make clear that the term "insurance" used in that section refers to Servicemen's Group Life Insurance. This clarification prevents possible confusion with the new Veterans' Group Life Insurance program established by this act.

Clause 2 redesignates paragraphs 2 and 3 of section 769(a) as 3 and 4 and adds a new paragraph 2 which provides that the Administrator shall set the premium rate for insurance extended to members of the Ready and Retired Reserve units eligible for SGLI under this act. The cost if insuring such members (less any amount traceable to the extra hazards of duties as a reserve member) shall be contributed from active duty pay appropriations. The appropriate service Secretary shall collect insurance premiums by deduction from the pay or otherwise from the insured reserve member concerned.

Clauses 3, 4, 5, and 6 make technical amendments to reflect the redesignated paragraphs in section 769(a) and further amend sections 769 (b), (c), and (d) to also clarify the term "insurance" used in each instance to refer to Servicemen's Group Life Insurance.

Clause 7 adds a new section 769(e) which provides that the regular procedures for assignment of SGLI premiums contained in section 771 shall apply with respect to members assigned to Retired Reserves except that the Administrator is authorized to provide for average premiums for such various age groupings as he may determine necessary according to sound actuarial principles and to include an amount necessary to cover the administrative costs of such insurance in the premiums established for eligible Retired Reserve members. The premiums shall be payable by members as provided by the Administrator directly to the administrative office established under section 766(b). A separate accounting may be required by the Administrator for insurance issued to or continued in force on the lives of members assigned to the Retired Reserve and other insurance in force. In such accounting the Administrator is authorized to allocate claims and other costs among such programs of insurance according to accepted actuarial principles.

SECTION 7

Clause 1 amends section 770(a) which defines the order of precedence in the payment of insurance to beneficiaries to reflect the addition of newly eligible Ready and Retired Reserve members. This section provides that any Retired Reserve member insured under SGLI or any veteran insured under VGLI may submit a written designation of beneficiaries to the administrative office established under section 766(b) of title 38.

Clauses 2 and 3 make technical amendments to section 770 (e), (f), and (g) to reflect amendments made by this act which create the new Veterans' Group Life Insurance program.

SECTION 8

Clause 1 makes technical amendments to section 771(b) to clarify that the insurance policies referred to in that section are those issued under Servicemen's Group Life Insurance.

Clause 2 amends section 771(e) to correct a prior typographical error and thus properly identify the section which establishes the revolving fund as section 769(a)(1) rather than section 766 as the law presently states.

SECTION 9

Subsection (a) amends subchapter III of chapter 19 of title 38. Three new sections create a new non-renewable five-year term life insurance program for recently discharged veterans to be known as Veterans' Group Life Insurance. These sections are more fully described as follows:

§ 777. Veterans' Group Life Insurance

Subsection (a) authorizes the issuance of VGLI insurance in the maximum amount of $20,000 (separately, or in combination with SGLI) or in a lesser amount of $15,000, $10,000 or $5,000. In the event any person insured under VGLI again becomes insured under SGLI (through re-enlistment in a regular or reserve component of the uniformed services) he may, within 60 days, convert any or all of his VGLI policy to a permanent commercial whole life insurance policy as provided for in section 777(e).

Subsection (b) establishes that the new VGLI policy would (1) provide protection in case of death; (2) be issued on a nonrenewable five-year term basis; (3) have no cash, loan, paid-up, or extended values; (4) except as otherwise provided (i.e., in incompetent cases), lapse for nonpayment of premiums; and (5) contain such other terms and conditions such as the Administrator determines to be reasonable and practical which are not specifically provided for in the bill.

Subsection (c) provides that premiums for VGLI would be established under normal criteria set forth in sections 771 (a) and (c) relating to SGLI except that the Administrator may provide for average premiums for such age groupings as he may determine to be necessary according to sound actuarial principles. Also the premiums would include an amount to cover the administrative costs of the insurance to the insurer. Premiums would be payable by the insureds directly to the administrative office established by the primary insurer. Where a person who was mentally incompetent on the date he became insured under VGLI dies within one year of such date, the insurance will be deemed not to have lapsed for nonpayment of premiums and to be in force on the date of death. In such cases, the unpaid premiums will be deducted from the proceeds. Any person who claims eligibility for VGLI based on a disability incurred during duty shall be required to submit evidence of qualifying health conditions (uninsurability or total disability) and to submit to physical examinations at his own expense.

Subsection (d) provides that the beneficiary provisions contained in section 770 applicable to SGLI would be made applicable to VGLI as well, except that the designations would be filed with the administrative office instead of with the uniformed services. Designation of beneficiaries for SGLI filed with the uniformed services would be valid for VGLI but only for 60 days after VGLI became effective. Thereafter, the insurance would be payable in accordance with the order of beneficiaries specified unless a new designation for VGLI was filed with the administrative office. However, in incompetent cases, SGLI designations would be valid for VGLI until the disability is removed but not for more than five years.

Subsection (e) sets forth the conditions for conversion rights under VGLI in substantially the same form as currently exists under section 768(c) (which is repealed by this bill), for those insured under SGLI. Insured veterans are eligible to convert VGLI to an individual policy with a commercial insurer effective the day after VGLI terminates by reason of the expiration of the five-year term. However, persons who again become insured under SGLI would have 60 days thereafter to convert VGLI to an individual policy which would be effective no later than the 61st day after which he again became insured under SGLI. Veterans' Group Life Insurance would continue the present right of veterans under SGLI to continue their insurance after the period of postservice coverage by converting to an individual commercial cash value policy issued at standard rates by an insurance company participating in the program. As before, such policies must not contain any provisions which restrict future military service in the uniformed services of the United States. If the veteran is disabled, he may purchase such insurance without the payment of any extra premiums occasioned by his disability.

Subsection (f) states that the provisions in sections 771 (d) and (e) applicable to SGLI relating to determinations affecting the maximum expense in risk charges of the insurer and the accounting at the end of the policy would also be made applicable to VGLI. However, in such accounting the Administrator would be authorized to allocate claims and other costs among such programs of insurance according to accepted actuarial principles.

Subsection (g) provides that anyone whose SGLI coverage terminated prior to the date the VGLI program became effective, but less than 4 years prior to such date, shall be eligible for VGLI in an amount equal to the amount of his SGLI which was not converted to an individual policy. Such application must be made by an eligible veteran within 1 year from the effective date of the establishment of Veterans' Group Life Insurance programs.

The VGLI policy issued under this subsection shall be for a term equal to 5 years less the time elapsing between the termination of the insured's SGLI policy and the effective date of the establishment of the VGLI program. A veteran must, however, have at least one year of his five-year readjustment period remaining in order to qualify for VGLI coverage.

The VGLI policy is only effective upon application to the administrative office set up under section 766(b), plus payment of the required premium and proof of good health satisfactory to the administrative office. Any member who cannot meet the good health requirements solely because of a service-connected disability shall have this requirement waived. For each month of waiver, there shall be contributed to the insurer or insurers issuing this policy, from the appropriation "Compensation and Pensions, Veterans' Administration", an amount necessary to cover the cost of the insurance in excess of the premiums established for eligible veterans, including the cost of the excess mortality attributable to such veterans' service-connected disabilities.

The Administrator may establish a separate premium, age groupings for premium purposes, accounting, and reserves, for persons granted insurance under this subsection different from those established for other persons granted insurance under this section. This may be done as the Administrator determines such action is necessary according to sound actuarial principles. Appropriations to carry out the purpose of the section are hereby authorized.

§ 778. Reinstatement

This section provides that insurance coverage granted under this subchapter which has lapsed for nonpayment of premiums shall be reinstated under the terms and conditions prescribed by the Administrator.

§ 779. Incontestability

This section provides that coverage under SGLI or VGLI is incontestable from either the date of issue, reinstatement, or conversion. The only exceptions to incontestability are fraud, nonpayment of premium, and forfeiture for the reasons stipulated in section 773, which deal with forfeiture for reasons of guilt for mutiny, treason, spying, desertion, or refusal to perform service in the uniformed services or to wear the uniform of such service because of reasons of conscientious objection.

Subsection (b) amends the analysis of subchapter III of chapter 19 of title 38, United States Code, to reflect the addition of new sections 777, 778, and 779.

SECTION 10

Three minor technical amendments to chapter 19—the insurance chapter—of title 38, United States Code, are made by this section.

Clause 1 substitutes the term "National Oceanic and Atmospheric Administration" for the term "Environmental Science Services Administration" in paragraphs (1) and (6) of section 765. Those paragraphs define the term "uniformed services" for the purpose of eligibility for the Servicemen's Group Life Insurance program established by subchapter III of chapter 19. The Environmental Science Services Administration was merged with other components into the National Oceanic and Atmospheric Administration by Reorganization Plan No. 4 of 1970. These items amend section 765 to reflect that change.

Clause 2 amends section 769(d) to correct a grammatical error.

Clause 3 substitutes the term "Office of Management and Budget" for the term "Bureau of the Budget" in section 774. That section established the Advisory Council on Servicemen's Group Life Insurance and specifies the Director of Bureau of the Budget as one of its members. By Reorganization Plan No. 2 of 1970, that office was redesignated as the Office of Management and Budget. This clause amends section 774 to reflect that change.

SECTION 11

This section establishes the effective dates for the Veterans' Insurance Act of 1974. Amendments made relating to the Veterans' Special Term Life Insurance are to become effective upon the date of enactment of this act except that no dividend on such insurance shall be paid prior to January 1, 1974. Amendments relating to the extension of Servicemen's Group Life Insurance coverage on a full-time basis for certain members of the Reserves and National Guard and those increasing the maximum amount of Servicemen's Group Life Insurance are to become effective upon the date of enactment of this act. Finally, amendments to establish the Veterans' Group Life Insur-

ance program are to become effective on the first day of the third calendar month following the month in which the act is enacted.

Mr. HARTKE. Mr. President, I ask unanimous consent, that there be printed into the RECORD a letter to me from Frank Stover, the national legislative director of the Veterans of Foreign Wars of the United States. This letter presents articulately and most persuasively the reasons why the VFW so vigorously supports this bill.

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

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
January 17, 1974.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: The Veterans of Foreign Wars is extremely pleased that your Committee has ordered favorably reported S. 1835, an insurance bill of wide interest to a large number of veterans of all wars as well as active duty military personnel including Reservists.

S. 1835 carries out a number of mandates and priority goals of the Veterans of Foreign Wars. The V.F.W. position is determined by the delegates to our National Conventions and pursuant to those mandates the Veterans of Foreign Wars lent its support and recommended favorable consideration of S. 1835 when hearings were held on the bill by your Subcommittee on Housing and Insurance on May 23, 1973.

Since the hearings, the Veterans of Foreign Wars has held an annual National Convention, at which time about 300 resolutions were adopted by the delegates, representing more than 1.8 million members. The purpose of this letter is to update the V.F.W.'s support and the reasons therefor regarding the several provisions in S. 1835, as reflected in the mandates approved at our New Orleans Convention last August.

First, the V.F.W. lent its support to the House-approved bill, H.R. 6574, which will provide full-time coverage under SGLI for the Reservists and National Guardsmen and some retirees, which is one of the provisions of S. 1835. The all-volunteer Army concept has replaced compulsory military service as previously prevailed under the Draft Act. Part of the success of the all-volunteer Armed Forces concept will be maintaining the authorized levels of the Reservists and National Guard.

With the military draft ended, there are decreasing numbers who are opting to join the Reserves and National Guard. The offer of full-time low cost life insurance coverage for prospective members of the Reserves would be in the national interest because it could be the deciding factor for a young person to join the Reserves. For these reasons the V.F.W. supports authorizing full-time SGLI coverage for members of the Reserves.

Secondly, the maximum coverage under SGLI for Reservists and active-duty members of the Armed Forces should be increased. Back in 1940 when the NSLI program was initially authorized, the maximum coverage was $10,000. It has been increased only once since that time and then only to $15,000. During the intervening years since 1940 active-duty pay scales have gone almost out of sight compared to pre-World War II pay scales. Life insurance protection for active-duty servicemen is out of step with active-duty pay. Time is long overdue to increase the protection of our active-duty servicemen to the maximum amount of at least $20,000.

Thirdly, the National Service Life Insurance program includes some World War I, all World War II, and Korean veterans. When the Korean war began because of new circumstances, a special NSLI program was authorized. However, Congress later provided that any excess money paid in premiums to this special insurance fund would not be refunded as dividends, as is usually done, but would be transferred to the United States Treasury. This proved to be most discriminating toward veterans holding these policies, since they were forced to pay a premium based on an outdated mortality table in excess of the protection they were receiving under the life insurance policies issued to them.

There are tens of thousands of these Korean war veterans who have been overcharged all these years on their special NSLI policies. The V.F.W. is convinced Congress never intended the Veterans Administration to overcharge these Korean veterans. It is understood that about $41 million has accumulated in excess premium payments and that these funds have been transferred to the United States Treasury, which money is used for general purposes. It is most pleasing that one of the provisions of S. 1835 will authorize dividends be paid on these special NSLI policies.

Fourth, another long-held objective of the V.F.W. is to establish a life insurance program for Vietnam veterans similar to the NSLI program to which World War II and Korean veterans were entitled to participate in. Practically every Vietnam veteran needs and wants life insurance protection. It is fitting and proper, therefore, that during their readjustment years their government assist these veterans by providing an opportunity for them to obtain low-cost life insurance, similar to the SGLI protection which was provided for them while on active duty. A provision in S. 1835 would establish a Vietnam group life insurance program (VGLI) by automatic conversion of SGLI to a non-renewable five-year term policy. At the end of the five years, the new VGLI could be converted to an individual policy of a permanent plan insurance with a commercial company under the terms and conditions which now apply when a veteran is separated from the Armed Forces and converts his SGLI policy to a permanent plan.

Life insurance coverage for a large number of Vietnam veterans can fairly be described as a readjustment benefit. Many Vietnam veterans are married and have family responsibilities. Many are attending school under the GI Bill, where all of their GI Bill checks are spent on education and training. The first five years are generally the hardest for a veteran. A five-year term low-cost life insurance policy would be extremely helpful for these young veterans at a crucial period during their lives.

The V.F.W., therefore, is pleased to support this VGLI concept in S. 1835 and hopes that such approval by the Congress will be the basis for extending the program along the lines of the NSLI program for World War II veterans, which has proved to be so successful.

The V.F.W. commends your Committee for taking up and reporting this bill to the full Senate.

For the reasons stated above, the V.F.W. is hopeful that the full Senate will approve S. 1835. Your support and vote for these views and recommendations carrying out Veterans of Foreign Wars mandates will be deeply appreciated.

With kind personal regards, I am
Sincerely,

FRANCIS W. STOVER,
Director, National Legislative Service.

Mr. HARTKE. Mr. President, the American Legion fully supports the provisions of S. 1835 and I ask unanimous consent that a telegram from Herald E. Stringer, director of the Legion's National Legislative Commission be included in the RECORD at this point.

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

[TELEGRAM]

MARCH 14, 1974.

Hon. VANCE HARTKE,
U.S. Senate, Russell Senate Office Building, Washington, D.C.:

This is in further reference to our statement on S. 1835 presented to the Subcommittee on Housing and Insurance, Senate Committee on Veterans Affairs, May 23, 1973.

This proposed legislation would eliminate an existing inequity in Veterans Special Life Insurance by authorizing the Administrator of Veterans Affairs to return premium overcharges and interest earnings to the policyholder. It would increase the amount of servicemen's group life insurance that may be carried by members of the active service, extend such coverage to members of the active reserves, national guard and the retired reserve through age 60, and provide a post-service group life insurance program for Vietnam veterans separated from the Armed Services less than five years to assist in their readjustment to civilian life.

The American Legion fully supports the provisions of S. 1835 and urges its early enactment.

HERALD E. STRINGER,
Director, National Legislative Commission.

Mr. HARTKE. Mr. President, as part of its overall review of VA administered and supervised insurance policies, the committee also received substantial testimony and pertinent related documents concerning problems faced by veterans seeking to convert their SGLI policies to a participating commercial whole life insurance company policy. In this connection, the committee heard testimony from Dr. Joseph M. Belth, professor of insurance at the Graduate School of Business at Indiana University and who is president of the American Risk Insurance Association and also author of "Life Insurance: A Consumer's Handbook." In his testimony supporting adoption of S. 1835, Dr. Belth noted that:

There are at least three ways in which the Vietnam-era veterans have been treated in a less desirable manner than their earlier counterparts. First, the coverage must be obtained from commercial companies, and this generally involves costs substantially in excess of what would be required if the coverage were offered by the VA. Second, they are not allowed to buy term insurance to exercise their conversion privilege, despite the fact that term insurance in many family situations is an appropriate form of coverage. Third, they have not been provided with any guidance to assist them in making a wise choice among the many commercial firms participating in the SGLI program as converter companies.

Enactment of S. 1835 will provide veterans' group life insurance, a 5-year low-cost term insurance policy during the veteran's readjustment period. Dr. Belth directed the thrust of his testimony toward the problem of the veteran obtaining accurate and relevant information when exercising his insurance conversion rights, to one of the 600 commercial life insurance companies cur-

rently participating in the Veterans' Administration SGLI program—and those expected to participate in the VGLI program. He observed that once a veteran has decided to exercise his conversion privilege, "two factors are of primary importance in his choice of a company—financial strength and price." As to financial strength, Belth noted that according to the best life insurance reports there are substantial variations as to the financial strength of the participating companies in the SGLI program and he urged that the VA provide the veteran with information concerning the financial strength of the companies. As to cost of policies, Belth noted that they vary widely on straight life insurance policies of the type which is available to the veteran converting his SGLI—or VGLI—policies.

In 1971, the National Underwriter Co. invited a large number of companies to furnish price information. Significantly more than half of SGLI converter life insurance companies did not submit data. Of the 286 converter companies that did, however, the information revealed that the 20-year, 4-percent interest adjusted cost on a $10,000 participating straight life policy ranged from $2.34 to $6.53 for men aged 25; from $3.69 to $9.50 for men aged 35; and from $7.47 to $17.02 for men aged 45. By contrast it should be noted that on the basis of the VA's 1970 dividend scale, the 20-year 4-percent interest adjusted cost for the NSLI straight life policy of the veteran aged 45 would be $4.92. Since the foregoing costs represent cost per year per $1,000 in face amount of insurance, the price differential for veterans seeking to buy essentially the same insurance can vary widely. In the previously mentioned example it amounts to a difference of $81.80 a year in premiums for the man aged 25; $166.31 for the man aged 35; and over $190.46 for the man aged 45.

The price information for the converter companies on which such information is shown in "Cost Facts on Life Insurance" is summarized in the following table:

TABLE 1.—DISTRIBUTION OF SELECTED POLICIES, BY INTEREST ADJUSTED COSTS ($10,000 PARTICIPATING AND NONPARTICIPATING STRAIGHT-LIFE POLICIES ISSUED IN 1970 BY VARIOUS CONVERTED COMPANIES TO MALES AGED 25, 35, AND 45)

Interest adjusted costs [1]	Number of policies					
	Participating			Nonparticipating		
	Age 25	Age 35	Age 45	Age 25	Age 35	Age 45
$2 to $2.99	6					
$3 to $3.99	56	1		1		
$4 to $4.99	64	12		41		
$5 to $5.99	37	54		149	1	
$6 to $6.99	6	45		17	14	
$7 to $7.99		45	1	5	77	
$8 to $8.99		15	2	0	111	
$9 to $9.99		1	23	0	10	
$10 to $10.99			48	1	1	
$11 to $11.99			12			3
$12 to $12.99			28			29
$13 to $13.99			34			76
$14 to $14.99			12			88
$15 to $15.99			1			20
$16 and over			1			1
Total policies	169	173	171	214	214	217
Low	$2.34	$3.69	$7.47	$3.13	$5.51	$11.02
1st quartile	3.79	5.64	10.45	5.07	7.70	13.53
Median	4.25	6.39	11.50	5.44	8.09	14.01
3d quartile	5.10	7.44	13.12	5.76	8.45	14.47
High	6.53	9.50	17.02	10.01	10.12	20.56
Mean	4.36	6.51	11.70	5.44	8.03	13.96
Standard deviation	.85	1.12	1.64	.67	.66	.96
Coefficient of variation (percent)	19.5	17.2	14.0	12.3	8.2	6.9

[1] 20-year average annual interest adjusted costs per $1,000 of face amount, assuming 4-percent interest.

Given these substantial cost differences and his continuing investigation of the matter, it is understandable that Dr. Belth came to the conclusion that:

Vietnam Era veterans receive inadequate and frequently deceptive information about life insurance, as do life insurance consumers in general. Many sales presentations involve little if any price information. Often the presentation is based on emotional considerations, and about the only kind of price information that enters into the presentation is the size of the first premium. The life insurance market is characterized not only by an absence of reliable price information, but also by the presence of deceptive price information. In my opinion, the deceptive sales practices found in the life insurance industry constitute a national scandal.

Professor Belth urges that appropriate action be taken to insure that Vietnam era veterans have access to accurate, adequate, and relevant information on which to base a rational determination in the exercise of their conversion rights.

Professor Belth proposed that information disclosed to the veteran at the time of his conversion should include: First, the annual premium to be paid each year; second, the amount payable on death in any year; third, the amount payable on discontinuation of a policy in any year; fourth, the dividends payable each year under a company's current dividend scale; fifth, the amount of life insurance protection in effect each year; sixth, the price of each $1,000 of life insurance protection each year; seventh, summary information allowing the veteran to see the extent to which he is buying protection and the extent to which he is accumulating savings; eighth, summary information allowing the veteran to make comparisons among similar policies issued by different companies if he wishes to do so; and ninth, certain other important information including the cost of policy loans and the cost of paying premiums other than annually. He suggested that this information could be given to the veteran at or prior to the delivery of a conversion policy and further that information should be contained in the premium that the veteran receives on each yearly anniversary of his conversion policy. A two-page form could contain annual information on the first page and summary information on the second page.

Testimony and other documents submitted to the committee revealed an even more fundamental problem facing veterans attempting to intelligently choose an insurance company when exercising their conversion rights which relate to the manner in which insurance companies "cost" their policies.

How insurance companies "cost" their policies has been a major concern for some time of my distinguished colleague, Senator HART, chairman of the Subcommittee on Antitrust and Monopoly. My hardworking colleague and senior Senator from the neighboring State of Michigan, noted as early as 1968 in his speech before life insurance company lawyers that there is no competition in the life insurance business since the pricing structure is so complex that buyers cannot compare policies or determine what they will ultimately pay for coverage. Senator HART noted that the premium was no guide because it does not necessarily reflect the actual price—most particularly in the kinds of policies most often sold, that is straight life also known as whole life, permanent, and "cash value." Unlike term insurance which offers "pure protection," straight life combines "savings" aspects as well. With such policies it is usually quite difficult for the buyer to determine how much of his money goes into the savings aspect and how much he is paying for protection.

Much of the controversy over how to provide the buyer with more adequate and relevant information has centered on the insurance industry's use of the traditional or "net cost" method of pricing. The net cost method of comparing insurance costs simply adds all the premiums you pay over a period of time—usually 20 years—and then subtracts what you get back either as dividends and/or cash value you receive by turning in your policy at the end of the period. The resulting figure is a simple means by which to determine "net cost." Unfortunately, such a method ignores critical factors of time and interest.

Under the net cost method, a policy for which premiums start out at $400 a year and decrease gradually to $200 would look just as good as a policy for which premiums start out at $200 and increase gradually to $400. Yet, the second policy is a better buy because more money would be available for a longer period of time to the insured for investment elsewhere. Similarly, a policy which pays dividends early in the life of a policy is a better buy than that which pays a larger amount near the end of

the life of the policy. The interest-adjusted method of computing insurance costs takes these factors into account.

Responding to criticisms of the traditional net cost method, the insurance industry in 1961 established a Joint Special Committee on Life Insurance Costs, chaired by Mr. E. J. Moorhead, vice president of Integon Life Insurance Co., and a member of the Veterans' Administration Actuarial Advisory Committee.

In its report issued in May 1970, the committee recommended the interest-adjusted cost method as the "preferred" method to be used in making cost comparisons among similar policies issued by different companies. The committee reported:

Our Committee has concluded that the method called in this report the interest-adjusted method, is the most suitable of all those of which we have knowledge. Our principal reasons for this opinion are:

1. It takes time of payment into account.
2. Of all methods that take time of payment into account, it is the easiest to understand.
3. It is possible to use this method without having recourse to advanced mathematics.
4. It does not suggest a degree of accuracy that is beyond that which is justified by the circumstances.
5. It is sufficiently similar to the traditional method so that transition could be accomplished with minimum confusion.

Consumer Union which has also endorsed the interest-adjusted method notes that:

It works much like the traditional method, with a key difference: Interest is factored in.

For the sake of uniformity, most authorities use a 4-percent interest factor. That means that 4-percent interest is added to the first year's premium; then the second year's premium is added to the total, and 4-percent interest is added on the new sum; and so on for twenty years or however long a period is being evaluated. The same thing is done with dividends. (Because of the uncertainties involved in projecting future dividends, the Committee recommended the method not be used for comparison of participating companies involving periods of more than twenty years.) Then you subtract dividends in cash value from the premiums just as before.

Following the procedure above gives you the "interest-adjusted net cost." To get the interest-adjusted net cost index, you then divide by a constant period. The result is the amount of money you would have to deposit every year in an account bearing 4-percent interest to come up at the end of twenty years with a sum equal to the net cost.

That part sounds complicated. But the index also has an intuitive meaning. It is simply the average age of true cost of the protection offered by your policy.

Subsequent to the report of the Joint Committee on Life Insurance Costs, the Pennsylvania State Insurance Department under Commissioner Herbert Denenberg, issued "A Shoppers Guide to Life Insurance," which employs an interest-adjusted index and compares the cost of the protection of straight life insurance policies for insurance companies doing business in that State.

Effective January 1, 1973, the Wisconsin Insurance Department ruled that life insurance companies operating in Wisconsin were required to make interest-adjusted price figures available to buyers at or prior to delivery of the policy. Also in February of this past year, the Senate Subcommittee on Antitrust and Monopoly held 4 days of hearings concerning the pricing of insurance policies. Subsequent to these hearings, the American Life Insurance Association adopted in April 1973, a resolution stating that:

Member companies have the responsibility to provide the most helpful information concerning costs, values, and features of their policies to buyers so that they can make an informed and intelligent purchase decision. The interest-adjusted method was considered by the Association as the "most practical indeces of all the various methods developed so far."

At its annual meeting during the week of June 4, 1973, the National Association of Insurance Commissioners, an organization composed of all State insurance regulatory officials, adopted a task force report which incorporates a model regulation on the life insurance interest-adjusted method and on deceptive practices in life insurance. The model regulation on the interest-adjusted method would require that upon the request of the sales prospect the insurance agent or the insurance company would be required to furnish the interest-adjusted index to the consumer. At the same time, the Special Assistant to the President for Consumer Affairs, Virginia Knauer, urged the adoption of the interest-adjusted method by insurance companies and renewed her criticism of the industry for its unwillingness to provide meaningful cost comparisons to buyers of life insurance who she said were "shopping blind."

And, in a letter to the National Association of Insurance Commissioners, President Nixon wrote that he had "long advocated the provision of full and accurate information to assist each consumer in buying wisely." And, although not endorsing any particular disclosure system, he indicated that the interest-adjutsed method, which the Commissioners were considering adopting on an interim basis was a "significant step forward in meeting this administration's priority goal of adequate information."

Subsequent to its February hearings, the committee on Antitrust and Monopoly submitted questionnaires to numerous insurance companies throughout the United States with regard to their position on the interest-adjusted method recommended by the Joint Special Committee on Life Insurance Costs. Responses indicate that insurance companies which received some $13.8 million in premiums in 1971 or approximately 87 percent of all premiums collected that year have endorsed the interest-adjusted method.

Notwithstanding the foregoing, the interest-adjusted method as both its critics and supporters agree is not perfect. As Herbert Denenberg, Pennsylvania's State Insurance Commissioner, stated in Senate testimony recently:

Producing a perfect cost index may be the equivalent of squaring a circle. The public can't wait for the circle to be squared, and it's tired of waiting for price disclosure. The critics of full disclosure to the public would await the perfect index. They are willing to be quite patient.

Consumer Union, which recently produced its own index of insurance companies, while noting that the interest-adjusted method is "imperfect," added that it believed that it was the "best tool available now for cost comparison and vastly superior to the 'thoroughly discredited net cost method' ".

Consumers Union noted that:

Among the flaws of the interest-adjusted method are these:

The choice of a specific period for comparison, such as 10 or 20 years, is arbitrary. Some companies might look better or worse if a longer or shorter period were compared. To a slight extent, companies can design their rate and dividend schedules to make themselves look good in a 20-year comparison. The interest-adjusted method ignores mortality rates and policy lapse rates—factors that could be used to produce a more sophisticated index. And, of course, any cost comparison method assumes that the items being compared are for all practical purposes identical.

CU did its best to make sure we were comparing apples with apples and oranges with oranges. But the policies we rate within each category do contain subtle differences—in the convertibility clauses, for example, and especially in the generosity of a contractual benefit called "waiver of premium in the event of disability." We believe these differences to be relatively fine points. However, because of the overall limitations of the interest-adjusted method, you should ignore small differences in cost between policies shown in our tables.

The range of policy costs, however, is so wide that clear distinctions between companies can still be made from our tables. A glance at the figures will show, for example, that the interest-adjusted cost of a $100,000 participating five-year term policy bought by a 25-year-old man can range from $254 to $489—a variation of 92 percent. And the cost of whole-life policies can vary even more.

The wide cost variations previously noted by Dr. Belth in his testimony before our committee concerning the replacement policies offered by SGLI participating insurance companies confirms the wisdom of using the interest-adjusted approach as a useful tool in helping the veteran make a rational choice among competing policies.

Unfortunately, the Veterans' Administration has been reluctant in responding to legitimate information needs of the individual veteran faced with the prospect of choosing a policy with one of the over 600 commercial life insurance companies participating in Government supervised servicemen's group life insurance within a short period of time. Although the VA's response has been disappointing, it is not altogether unanticipated or atypical for a bureaucratic organization of its size and established ways. As early as 1968, Senator HART, chairman of the Senate Subcommittee on Antitrust and Monopoly, wrote the Administrator of the Veterans' Administration suggesting that because of the enormous differences in prices charged for $10,000 straight life policies by participating companies that it would be "appropriate that the VA compile price information from the companies and put it in a form so that Vietnam veterans can

compare readily the policies offered." The Administrator declined questioning the propriety of ranking companies solely on the price of insurance as well as questioning the use of the interest-adjusted costing method.

In an appearance before the Senate Subcommittee on Antitrust and Monopoly on February 20, 1973, Ralph Nader was sharply critical of the Veterans' Administration's reluctance to enable the veteran to have more adequate information in choosing among the converting companies. At hearings before the Veterans' Affairs Subcommittee on Housing and Insurance on May 23d, however, there were indications that the Veterans' Administration was significantly reassessing its position. VA representatives testified that their actuaries "used the traditional net cost method because they were trained in that like the other actuaries in this country." However, the VA representatives then stated that the "VA was not wedded to the traditional cost method" and could see "certain defects in it." Acknowledging that "there is every reason to believe that we are approaching if not a consensus with respect to the interest-adjusted method, certainly a growing approval of its use," the VA representative went on to say:

The interest-adjusted method does make provision for the timing of dividends and the counting of interest. We agreed at the time that hereafter we would use the interest-adjusted method as the preferred method whenever we were making cost comparisons on our own policies and this was conveyed to other key officials of the insurance service.

And, in October 1973, the VA revised its first pamphlet, VA Pamphlet No. 29–3, dealing with National Service Life Insurance to reflect the interest adjusted method of costing insurance. But, this is only a first step. Clearly it is time for the Veterans' Administration to abandon the posture of the laggard and somewhat dull follower and become the leader in insuring that veterans have access to clear, accurate, reliable, and adequate information about the cost and value of the policies they buy.

Mr. President, the hearings and documents submitted for the consideration of the committee establish conclusively, I believe, that Vietnam era veterans are often confronted with inadequate or deceptive information concerning life insurance policies at the time they exercise their SGLI conversion rights. Veterans have a right to easy access to accurate, adequate, and relevant information with respect to the price and benefits of policies issued by qualified commercial life insurance companies participating in the SGLI program. The Veterans' Administration currently possesses ample statutory authority to issue the necessary regulations guaranteeing the veteran easy access to more adequate information about those insurance policies which often involve substantial commitments of the veteran's financial resources. As I noted, the Veterans' Administration's recent adoption of pamphlets using the interest-adjusted costing method of life insurance such as NSLI is a necessary and important first step. More needs to be done. Such procedures should be applied to all Government administered or supervised insurance policies.

If our policy is to be one in which only Government supervised life insurance is to be offered for a limited period of time, following which the veteran's only option is conversion to a participating commercial life insurance company policy, then the Government has an obligation to insure that the veteran is provided with all the relevant information he needs in order to make a prudent and rational decision. If we fail to do this, then it seems to me that the only equitable course of action for Congress would be to create Government administered life insurance programs for our Vietnam era veterans similar to those offered veterans of previous wars.

Mr. President, I urge my colleagues to support S. 1835, the Veterans' Insurance Act of 1974.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears no objection, and the committee amendments are agreed to en bloc. The bill is open to further amendment.

Mr. ALLEN. Mr. President, I submit as an amendment to S. 1835, the provisions of S. 383, as reported by the Committee on Armed Services.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

SECTION 1. (a) Chapter 13 of title 37, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 707. Allotments: members of the National Guard

"(a) The Secretary of the Army or the Secretary of the Air Force, as the case may be, may allow a member of the National Guard who is not on active duty to make allotments from his pay under sections 204 and 206 of this title for the payment of premiums under a group life insurance program sponsored by the military department of the State in which such member holds his National Guard membership or by the National Guard association of such State if the State or association concerned has agreed in writing to reimburse the United States for all costs incurred by the United States in providing for such allotments. The amount of such costs and procedures for reimbursements shall be determined by the Secretary of Defense and his determination shall be conclusive. All amounts of reimbursements for such costs received by the United States from a State or an association shall be credited to the appropriations or funds against which charges have been made for such costs."

(b) The United States shall not be liable for any losses or damages suffered by any person as the result of any error made by any officer or employee of the United States in administering the allotment program authorized under subsection (a).

(c) The table of sections at the beginning of chaper 13 of such title is amended by adding at the end thereof a new item as follows:

"707. Allotments: members of the National Guard.".

Mr. ALLEN. Mr. President, this amendment would allow the Department of Defense to set up an allotment system for National Guard insurance, group insurance in private companies, with deductions to be made from the pay of National Guardsmen, and with the overhead to be paid by the National Guard Association.

This has been approved by the Committee on Armed Services, and in the report the Department of Defense has stated it interposes no objection to the bill.

Mr. GRIFFIN. Mr. President, before the question is put, I would like to ask the chairman of the Committee on Veterans' Affairs a question. I understand these are amendments to the House bill that we are considering.

Mr. HARTKE. The amendment of the Senator from Alabama is not in the House bill, but is a seperate measure. Part of the substance is in the House bill which was referred to the Committee on Armed Services. That committee held hearing and approved of the measure. They also approve of this action as an amendment to the veterans bill.

Mr. GRIFFIN. A number of Senators have indicated that when this matter comes up they want to be able to vote for it, especially the increase in veterans life insurance to $20,000.

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

Mr. GRIFFIN. I yield.

Mr. MANSFIELD. Mr. President, I ask for the yeas and nays for final passage, the vote to occur after disposition of the amendment by the Senator from Kansas (Mr. DOLE) to the campaign financing bill.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. On the House bill.

Mr. HARTKE. On the House bill.

The PRESIDING OFFICER. Is there objection that the yeas and nays be ordered?

Mr. MANSFIELD. On the House bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, S. 383, introduced by Senator ALLEN, was originally referred to the Veterans' Affairs Committee but was later discharged and referred to the Committee on Armed Services which has jurisdiction over the subject matter of the bill. This measure would allow the Secretaries of the Army and Air Force to permit allotments from the pay of members of the National Guard, who are not on active duty, to make payment for group life insurance premiums of programs sponsored by the State military department or State association of the Guard.

The Armed Services Committee, after conducting a review of S. 383, favorably reported an amended bill on April 3, to provide that State Guard associations would be responsible to the Federal Government for the full cost of administering this program and that the United States would not be liable for any damages arising from this administrative function. S. 383, as reported, would not result in increased budgetary requirements for the Department of Defense. No guardsman would be required to take the State or Guard association spon-

sored life insurance or to use this allotment provision.

In view of the action of the Armed Services Committee and in view of the amendments made by them, the Veterans' Affairs Committee is prepared at this time to accept S. 383 as reported as an amendment to the Veterans' Insurance Act of 1974.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Veterans' Affairs be discharged from further consideration of H.R. 6574, that H.R. 6574 be made the pending business, and that the text of S. 1835, as amended, be substituted for the text of H.R. 6574.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

H.R. 6574 will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 6574) to amend title 38, United State Code, to encourage persons to join and remain in the Reserves and National Guard by providing full-time coverage under Servicemen's Group Life Insurance for such members and certain members of the Retired Reserve, and for other purposes.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that all after the enacting clause in H.R. 6574 be stricken, and that the text of S. 1835, as amended, be substituted in lieu thereof.

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

The question is on the engrossment of the amendment.

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

The bill was read the third time.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that S. 1835 and S. 383 be indefinitely postponed.

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

Mr. MANSFELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. Mr. President, H.R. 6574, as amended, is now the pending business and we have proceeded to the point where we have had third reading. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ALLEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. ALLEN. Mr. President, the provisions of S. 383 were added to S. 1835, and then the House bill was brought up.

Mr. MANSFIELD. That is correct.

Mr. ALLEN. I do not recall hearing the provisions of S. 1835, as amended, added as a substitute for H.R. 6574.

The PRESIDING OFFICER. It was a part of the unanimous consent request.

Mr. ALLEN. Very well, I thank the Chair.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

IDENTIFICATION OF TAX-SUPPORTED POLITICAL ADVERTISEMENTS

Mr. DOLE. Mr. President, if campaigns for Federal office are to become federally financed projects like housing developments, highways, and flood control levees then they deserve to be accorded the same treatment. Therefore, I am introducing an amendment to the so-called public financing bill that will require tax-supported political materials to be clearly identified and called to the attention of the American people.

My amendment requires that any candidate for Congress, the Senate, President or Vice President who accepts Federal tax funds for his campaign shall print on all of his campaign literature, advertisements, bumper stickers, billboards, or matchbooks a clear notice that they are paid for with tax money.

The Federal Government has developed a very useful policy of identifying tax-supported projects, usually by means of a billboard or sign erected on the project site. Frequently, these notices give the total cost of the project, the Federal share, the local or State share, and a brief description of the project. Perhaps such great detail would not be practical in the case of tax-supported political campaigns, but the principle is valid. So if the Congress is going to turn itself and the entire electoral system into a massive Federal grant-in-aid program, it is entirely fitting and proper that the American people be shown how their tax dollars are being spent.

If candidate X is going to be given so many hundreds of thousands of dollars from the U.S. Treasury, then I believe the American people are entitled to see the fruits of their tax dollars clearly identified. It would be no great inconvenience to tax-supported candidates to include such a notice on their bumper stickers, their buttons, their newspaper ads, and so forth. And I believe the public has a right to be advised of such expenditures.

My amendment requiring this identification is simple and straightforward and it would certainly provide more immediate and valuable information on campaign expenditures to the average taxpayer than some obscure bookkeeping entry in one of the many reports required of political candidates.

When Mr. and Mrs. Taxpayer see their tax dollars being spent on candidate X's billboards, candidate Y's newspaper advertisements and candidate Z's yard signs, it will give them a much clearer idea about the flow of their taxes and the uses to which they are put.

So I would hope the Senate will adopt this amendment and urge my colleagues to do so. The American people should see where their taxes go, and Federal projects—whether dams or bridges or foreign aid or political campaigns—should be identified.

Mr. GRIFFIN. Mr. President, will the Senator yield for a question for the purpose of legislative history?

Mr. DOLE. I yield.

Mr. GRIFFIN. Of course, I wish there would be some indication that this notice had to be in large readable print, and I think the intention would be it could not be in small print.

Mr. DOLE. No, it could not be larger than your name, of course, but the public should be able to read it.

Mr. GRIFFIN. Would it be acceptable to have a rubber stamp, so they could stamp across the literature, "Paid for with Governments funds."

Mr. DOLE. That would be appropriate.

Mr. GRIFFIN. I thank the Senator. That clarifies the question.

Mr. CANNON. Mr. President, I yield myself 1 minute simply to point out that the statement itself calls for a false statement. A person elected under title I in the primary campaign would be entitled only to 50-percent matching funds. Therefore, the statement on the billboard or in television advertising or in newspaper advertising or in the brochures he puts out that it is paid for by public financing only would be in error. It would be paid for only in part by public funds if he elected to take advantage of title I.

I think what we are seeing here is a filibuster by amendment, and this is just another one.

I reserve the remainder of my time.

Mr. DOLE. Mr. President, I am not part of a filibuster. I voted for cloture, as the Senator knows. I had in my original amendment "paid for in whole or in part by Federal tax funds." I think that is the intent. If only 50 percent was paid for in tax funds, the statement would contain "only 50 percent," but I did not know how to draft that or how much each of us would take. At least, for legislative history, that would be the intent and the hope.

I could perhaps modify my amendment to show the percentage of the tax funds.

I ask consent to have the modification made to the effect that, if it is not paid for wholly by tax funds, the part that is be shown.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Who yields time?

Mr. CANNON. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. Will the Senator from Kansas have his amendment sent to the desk?

Mr. CANNON. Mr. President, I would also point out that the percentage could be different in every instance, because one person may take advantage of it to

the extent of 50 percent, and another person may take advantage of it to the extent of 20 percent. It relates to the amount of funds he is able to raise for the purpose of matching, so it could be different in every instance. It is a very bad amendment.

Mr. DOLE. Mr. President, the Senator from Nevada is entitled to his opinion, but I believe my amendment is entirely appropriate. I might say, as a matter of clarification, to avoid that possibility, I have gone back to the original language of the amendment, which I think would clarify it.

Mr. GRIFFIN. Mr. President, may I ask that the clerk read the modified amendment?

The PRESIDING OFFICER. The clerk will read the amendment as modified.

The second assistant legislative clerk proceeded to read the amendment, as modified.

Mr. GRIFFIN. Mr. President, I ask unanimous consent that the remainder of the reading of the amendment be dispensed with.

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

The amendment, as modified, is as follows:

On page 39, between lines 20 and 21 insert the following new subsection:

"(c) Any published political advertisement of a candidate electing to receive payments under Title I of this Act shall contain on the face or front page thereof the following notice:

"'Paid for in whole or in part by Federal tax funds.'"

On page 39, line 21 strike out "(c)" and insert in lieu thereof "(d)".

On page 40, line 3, strike out "(d)" and insert in lieu thereof "(e)."

On page 40, line 3, strike out "(d)" and insert in lieu thereof "(e)."

On page 40, line 11, strike out "(e)" and insert in lieu thereof "(f)."

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

Mr. CANNON. Mr. President, before I yield back the remainder of my time, let me say that, as the Senator pointed out correctly, he voted for cloture the other day. I hope he does so tomorrow.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Kansas (Mr. DOLE), as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Hawaii (Mr. FONG), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), the Senator from Idaho (Mr. MCCLURE), the Senator from Tennessee (Mr. BROCK), and the Senator from New York (Mr. BUCKLEY) are necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Ohio (Mr. TAFT) are absent on official business.

The result was announced—yeas 30, nays 48, as follows:

[No. 123 Leg.]

YEAS—30

Allen	Ervin	Packwood
Baker	Fannin	Percy
Bartlett	Goldwater	Randolph
Biden	Griffin	Ribicoff
Byrd, Harry F., Jr.	Hansen	Talmadge
Byrd, Robert C.	Helms	Thurmond
Cotton	Hruska	Tower
Curtis	Mansfield	Weicker
Dole	McClellan	Young
Dominick	McIntyre	
	Nunn	

NAYS—48

Abourezk	Haskell	Nelson
Aiken	Hatfield	Pastore
Beall	Hathaway	Pearson
Bible	Huddleston	Pell
Brooke	Humphrey	Proxmire
Burdick	Inouye	Roth
Cannon	Jackson	Schweiker
Case	Johnston	Scott, Hugh
Chiles	Magnuson	Sparkman
Clark	Mathias	Stafford
Cook	McGovern	Stennis
Cranston	Metcalf	Stevens
Domenici	Mondale	Stevenson
Eagleton	Montoya	Symington
Hart	Moss	Tunney
Hartke	Muskie	Williams

NOT VOTING—22

Bayh	Fong	Long
Bellmon	Fulbright	McClure
Bennett	Gravel	McGee
Bentsen	Gurney	Metzenbaum
Brock	Hollings	Scott, William L.
Buckley	Hughes	Taft
Church	Javits	
Eastland	Kennedy	

So Mr. DOLE's amendment, as modified, was rejected.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MANSFIELD. Mr. President, if I may have the attention of the Senate, I ask unanimous consent that on the vote which will follow immediately, there be a time limitation of 10 minutes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. That will be the last vote tonight. I understand that the distinguished Senator from Alabama will call up an amendment which will be the pending business tomorrow. At this time, I ask unanimous consent that there be a time limitation of 1 hour on the Allen amendment to be called up, the time to be equally divided between and controlled by the sponsor of the amendment, the distinguished Senator from Alabama (Mr. ALLEN), and the manager of the bill, the distinguished Senator from Nevada (Mr. CANNON).

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

Mr. ALLEN. Mr. President, the amendment is No. 1141, and it would reduce the overall amount that can be expended very greatly.

The printed amendment by that number has certain figures in it; I ask unanimous consent that I may modify those figures slightly, even though the time limitation has been agreed to.

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

The amendment, as modified, is as follows:

On page 13, line 23, strike out "10 cents" and insert in lieu thereof "8 cents".

On page 15, line 9, strike out "15 cents" and insert in lieu thereof "12 cents".

Mr. MANSFIELD. Does the Senator request the yeas and nays?

Mr. ALLEN. Yes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that it be in order at this time to order the yeas and nays on the Allen amendment which will be called up.

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

Mr. MANSFIELD. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HARTKE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARTKE. Will there be a rollcall vote now on the insurance bill?

The PRESIDING OFFICER. The Senator is correct.

VETERANS INSURANCE ACT OF 1974

The Senate resumed the consideration of the bill H.R. 6574 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.

Mr. HARRY F. BYRD, JR. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Is H.R. 6574 the pending business?

The PRESIDING OFFICER. The pending business now is H.R. 6574 as amended.

Mr. HARRY F. BYRD, JR. As amended by what?

The PRESIDING OFFICER. As amended by the substantive language of S. 383 and S. 1835.

Mr. HARRY F. BYRD, JR. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARRY F. BYRD, JR. Am I correct in my understanding, then, that S. 1835 and S. 383 have been added to the House bill, or do they take the place of the House bill?

The PRESIDING OFFICER. They have replaced the language in the House bill.

Mr. HARRY F. BYRD, JR. Insofar as the substance of S. 383 is concerned, it has not changed and there is no cost to the Government involved in that amendment?

Mr. ALLEN. We are taking it back as it came from the Senate committee.

Mr. HARRY F. BYRD, JR. I thank the Senator from Alabama and the Senator from Montana, and I thank the Chair.

Mr. ALLEN. Mr. President, I ask unanimous consent that the names of the following Senators who were cosponsors of S. 383 be added to the amendment which the Senator from Alabama offered to S. 1835: Mr. EASTLAND, Mr. DOLE, Mr. THURMOND, and Mr. STENNIS.

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

Mr. THURMOND. Mr. President, I rise in support of H.R. 6574 as amended, the Veterans' Insurance Act of 1974.

Basically, this legislation serves four purposes.

First, it would provide servicemen's group life insurance—SGLI—for the Ready Reserve and National Guard on a full-time basis.

Second, it would provide veterans group life insurance—VGLI—to veterans for a 5-year nonrenewable period.

Third, the maximum amount of SGLI or VGLI which may be purchased would be increased from $15,000 to $20,000.

Fourth, veterans' special term life insurance would be made a participating policy.

Mr. President, this legislation was cosponsored by all members of the Veterans' Affairs Committee, and after extensive hearings by the Subcommittee on Housing and Insurance, was unanimously reported on March 1, 1974.

Presently, SGLI is extended only to those on active duty or active duty for training under a call or order to duty that specifies a period of less than 31 days, during scheduled inactive duty training, and while traveling to and from such duties.

Much has been said about the necessity to make service in the Reserves and National Guard more attractive, and to encourage persons to join and remain in the Reserve components of our Armed Forces. This is of particular importance in light of the volunteer Army concept.

The provision for full-time SGLI coverage for the Ready Reserves and National Guard will provide an additional incentive for the recruit or member of the National Guard to join and remain in a unit.

Mr. President, the provision for a nonrenewable 5-year term policy known as veterans group life insurance is a good one. VGLI would become effective on the day SGLI terminates, and after 5 years, could be converted by the veteran with a commercial insurer.

Presently, the veteran must convert his SGLI policy, if he desires, within a 120-day period after discharge, or lose his right to conversion.

This provision will enhance the readjustment process for our young veterans. It will allow them a conversion opportunity when they are more financially able to convert their policy with a commercial insurer.

The veterans special term life insurance program was authorized for Korean conflict veterans, but paid no dividends.

The VSLI provision will return excessive premiums to those veterans, instead of having the amount in excess of mortality claims revert to the Treasury.

Finally, the maximum amount of coverage under SGLI and VGLI would increase from $15,000 to $20,000.

The average ownership of insurance is in excess of $25,000 for each insured family. I am convinced that these provisions go a long way toward assuring the young veteran adequate protection for his family while he is trying to readjust to the civilian economy.

Since both SGLI and VGLI are self-supporting programs, the cost impact is a minimal administrative cost. An estimated cost of $6 million would be involved in the return of dividends to the Korean veterans on the veterans' special life insurance policies.

I believe that the Veterans Insurance Act will have a positive effect on both the uniformed services insurance programs and on VA insurance programs.

Mr. President, I urge my colleagues to give this legislation their most careful consideration.

Mr. HANSEN. Mr. President, I rise in support of H.R. 6574 as amended, a bill relating to insurance provided for members of the armed services.

This bill has four parts which should be beneficial to many individuals, both those on active duty and veterans who have been separated from service.

The first portion of this bill will provide Servicemen's Group Life Insurance—SGLI—to all members of the Reserves and National Guard.

It will increase the coverage of all personnel from $15,000 to $20,000. This is in line with the coverage of the average American citizen. It also should serve as an inducement to young men to enlist and remain in the Reserve or National Guard programs.

The bill will provide conversion coverage to individuals who were discharged during the 5 years preceding enactment of this bill who did not convert their Servicemen's Group Life Insurance within 120 days.

It provides full-time coverage for Reservists and National Guard members who have retired but who are not eligible for retirement benefits until the age of 60.

The last provision of S. 1835 authorizes the payment of dividends on Veterans' Special Term Life Insurance—VSLI—issued prior to December 31, 1956.

The premiums charged on this type insurance are in excess of the actuarial costs. I am sure Congress never intended that any overcharge made on this insurance should be used to offset charges of another type Government insurance.

The Department of Defense, as well as all veterans' organizations, favor this legislation.

In light of these facts, I respectfully urge the support of my colleagues for this legislation.

The PRESIDING OFFICER. The bill (H.R. 6574) having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The second assistant legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana Mr. BAYH), the Senator from Texas (Mr. BENTSEN), the Senator from Idaho (Mr. CHURCH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Arkansas (Mr. FULBRIGHT), the Senator from Alaska (Mr. GRAVEL), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Iowa (Mr. HUGHES), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), the Senator from Wyoming (Mr. MCGEE), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

I further announce that if present and voting, the Senator from Ohio (Mr. METZENBAUM), and the Senator from Arkansas (Mr. FULBRIGHT) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from Utah (Mr. BENNETT), the Senator from Tennessee (Mr. BROCK), the Senator from Hawaii (Mr. FONG), the Senator from Florida (Mr. GURNEY), the Senator from New York (Mr. JAVITS), and the Senator from Idaho (Mr. MCCLURE) are necessarily absent.

I also announce that the Senator from Oklahoma (Mr. BELLMON), the Senator from Virginia (Mr. WILLIAM L. SCOTT), and the Senator from Ohio (Mr. TAFT) are absent on official business.

I further announce that, if present and voting, the Senator from Hawaii (Mr. FONG) would vote "yea."

The result was announced—yeas 79, nays 0, as follows:

[No. 124 Leg.]

YEAS—79

Abourezk	Fannin	Nelson
Aiken	Goldwater	Nunn
Allen	Griffin	Packwood
Baker	Hansen	Pastore
Bartlett	Hart	Pearson
Beall	Hartke	Pell
Bible	Haskell	Percy
Biden	Hatfield	Proxmire
Brooke	Hathaway	Randolph
Buckley	Helms	Ribicoff
Burdick	Hruska	Roth
Byrd, Harry F., Jr.	Huddleston	Schweiker
Byrd, Robert C.	Humphrey	Scott, Hugh
Cannon	Inouye	Sparkman
Case	Jackson	Stafford
Chiles	Johnston	Stennis
Clark	Magnuson	Stevens
Cook	Mansfield	Stevenson
Cotton	Mathias	Symington
Cranston	McClellan	Talmadge
Curtis	McGovern	Thurmond
Dole	McIntyre	Tower
Domenici	Metcalf	Tunney
Dominick	Mondale	Weicker
Eagleton	Montoya	Williams
Ervin	Moss	Young
	Muskie	

NAYS—0

NOT VOTING—21

Bayh	Fulbright	McClure
Bellmon	Gravel	McGee
Bennett	Gurney	Metzenbaum
Bentsen	Hollings	Scott, William L.
Brock	Hughes	Taft
Church	Javits	
Eastland	Kennedy	
Fong	Long	

So the bill (H.R. 6574) was passed.

Mr. HARTKE. Mr. President, I move to reconsider——

Mr. ALLEN. Mr. President, if the Senator will withhold that for a moment, until we get the title amended, I have an amendment at the desk and ask that it be stated.

The PRESIDING OFFICER (Mr. ABOUREZK). The amendment will be stated.

The legislative clerk read as follows:

Amend the title by adding the words: "and to authorize allotments from the pay of members of the National Guard of the United States for group life insurance premiums."

Mr. ALLEN. Mr. President, this is merely an amendment to the title to cover the provisions of S. 383 added to the bill, and I ask that it be agreed to.

The amendment was agreed to.

Mr. HARTKE. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendments to H.R. 6574.

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

Mr. HARTKE. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. GRIFFIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

TRIBUTE TO SENATOR GOLDWATER

Mr. HARRY F. BYRD, JR. Mr. President, the New York Times magazine for yesterday, April 7, 1974, has published a most interesting article on one of our colleagues. It is entitled "The Liberals Love Barry Goldwater Now." It was written by Roy Reed who is chief Southern correspondent for the New York Times.

Mr. President, I have read this article very carefully. It seems to be an objective piece of reporting. Those of us who know BARRY GOLDWATER know what a wonderful, warmhearted, courageous individual he is. We know how outspoken he is, a characteristic that the people of this country increasingly like in their public officials.

A little while ago, a Senator mentioned to me, in talking about this article, that if we are not careful, both major parties may wind up their conventions by nominating BARRY GOLDWATER in 1976.

Well, Mr. President, I am not promoting any candidacies at all, but I do think that, in justice to BARRY GOLDWATER, some of his views were misrepresented in earlier years. It is most appropriate that this article written by Roy Reed in the New York Times magazine be printed in the RECORD, and I ask unanimous consent that that be done.

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

THE LIBERALS LOVE BARRY GOLDWATER NOW

(By Roy Reed)

The smell of facism has been in the air at this convention.—DREW PEARSON at the Republican National Convention in San Francisco, 1964.

Goldwaterism has come to stand for nuclear irresponsibility.—From a staff letter written for Gov. William W. Scranton of Pennsylvania, an unsuccessful candidate for the 1964 Republican Presidential nomination.

I think the Republican party platform plus Goldwater is a prescription for World War III—NORMAN THOMAS, the Socialist leader, 1964.

I've often said that if I hadn't known Barry Goldwater in 1964 and I had to depend on the press and the cartoons, I'd have voted against the son of a bitch.—Senator BARRY M. GOLDWATER, the 1964 Republican Presidential nominee, in an interview Oct. 30, 1973.

So many unsettling things have happened lately that it is hard to remember what a menace the Senator from Arizona was in 1964. Recollect a little longer on how fearsome it was during that emotional Presidential election campaign. There was George Meany (before Meany's fall from grace over Vietnam, and long before his rehabilitation as a leader of the Nixon impeachers) warning us of "a parallel between Senator Barry Goldwater and Adolf Hitler." While Drew Pearson was reporting the smell of fascism, Gov. Edmund G. Brown of California was picking up "the *stench* of fascism." The Rev. Dr. Martin Luther King, Jr. saw "dangerous signs of Hitlerism in the Goldwater campaign." Even President Lyndon B. Johnson warned us that his opponent was "a raving, ranting demagogue."

Now it is time to celebrate the decennial of our escape from Goldwaterism and a peculiar thing has happened. The man who was the villain in 1964 has become a hero. In fact, he is one of the few political heroes left alive in the United States. And, most puzzling, he seems to be almost as well-loved by those who once feared and despised him as he is by those who have always loved him.

The astonishing new popularity of Barry Goldwater beyond the conservative wing of the Republican party is generally attributed to his blunt talk on Watergate during the last year. Of all the Republicans, he has been the most fearless in needling and prodding his Republican President. He has repeatedly urged Mr. Nixon to tell the truth and when the President has failed to satisfy him he has publicly raised doubts about the President's honesty. He has admitted that Watergate will hurt his party in the coming elections, and he has said he does not blame any Republican who feels he has to put distance between himself and his party's leader when he approaches his constituents.

But Watergate is not the whole story of Barry Goldwater's new standing. Evidence of his rehabilitation could be seen well before Watergate as he visited college campuses and got enthusiastic welcomes from people whose 1964 memories were of Halloween and grade school, not politics. Now it appears that it was also taking place at the same time in the subconscious minds of millions of liberal Democrats who voted against him in 1964 but who, undeliberately and perhaps unconsciously, somewhere along the way lost their fear of him, and their rancor.

Maybe it is time for liberals to ask themselves some questions. Were we wrong about Goldwater in 1964? Was he a bad guy, or were we sold a bill of goods? What has happened since then to make him acceptable? Has he changed, or has the country changed? Or, God help us, have the liberals changed? If we were deceived in 1964, what is the chance that we are being deceived again in 1974?

What difference does it make—someone will ask. Isn't Barry Goldwater merely a Senator from Arizona now, defanged and harmless? Maybe so. But a funny thing happened on his way to becoming every liberal's favorite conservative, as someone put it. He is now the Dwight D. Eisenhower of the Republican party. As an elder and now respectable statesman, his voice will be listened to for a long time. There is even talk of his running for President again; he is not taken in by such talk, but he knows its value.

I am one of the few national reporters who have never covered Goldwater. When I walked into his office not long ago, on the first of two visits, the only baggage I carried was a faded, 10-year-old suspicion of the man and a crisp new amazement at the rehabilitation he had undergone. The first things I noticed as I waited in his outer office were the famous airplane and automobile models that he had made or acquired over the years. There was a 1930 Alfa Romea named—for his wife—"The Peggy G," built by Barry Goldwater, 1973, as the plaque said. I smiled at my 1964 memories. Goldwater the tinkerer. Goldwater the political lightweight. Next the pictures. Paintings of Indians. Sensitive photographs of Indians. One was a likeness of an old man, and the picture seemed to show all there is in the human face of experience and strength and mildness. I learned later that Goldwater had taken some of the pictures. I did not know that at the time but before I stepped into his inner office I was aware that he had established a beachhead in my mind.

It is always necessary in political writing to say that the politician looked either tan and fit or pale and tired. Mr. Goldwater looked tan and fit. I told him at some point, when he was talking about the disadvantage of running for President at his age, that he didn't look 65. He said he knew it.

"But when you try to put an older man on the television tube," he said, "it's just damned hard to do. The younger voters, the young women particularly, will see a guy with wrinkles all over his face and then some young buck stands up and—'Gee, this guy's for me!' "

But that was much later. He began by remembering the 1964 election: "The size of the vote that Johnson got was a bit of a surprise, but it didn't bug me; it didn't stay with me. When you've lost an election by that much, it isn't a case of whether you made the wrong speech or wore the wrong necktie. It just was the wrong time."

How does he feel now about Lyndon Johnson, the great rival of his life? "Lyndon and I were always friends. And I knew his shortcomings just as he knew mine. I never felt unkindly toward him. He never really—he never did anything uncalled for in our campaign. I think a few remarks he made about me were remarks made in the heat of a campaign that he probably regretted. I saw him once or twice, three or four times, after the election. I tried to give him advice on South Vietnam, which he wouldn't take, and I tried to tell him to get rid of Robert McNamara, which he finally did and admitted that he should have done it sooner. No, I always felt very kindly disposed toward Lyndon. He was a power man. He used power. In fact, he used power in everything that he did. I didn't particularly appreciate that, 'cause I think you can catch more flies with honey than you can banging at 'em."

I had already talked to several people about the phenomenon of Mr. Goldwater's burial and resurrection and I had been offered numerous explanations for it, ranging from sociological to supernatural. One of the more persuasive had come from Senator J. William Fulbright of Arkansas, an early Goldwater adversary in the Senate. Mr. Fulbright recalled that Mr. Goldwater in 1964 had advocated widening the Vietnam war by bombing Hanoi, mining Haiphong harbor and other measures, while President Johnson during that election year had protested that he would never send American boys to fight a war that Asian boys should be fighting. "Later, it appeared that that was a deception, that Lyndon Johnson intended all along to widen the war; so there's been a reaction. The misjudgment of Lyndon Johnson tends to carry over to where we were unfair to

Barry Goldwater, because Lyndon Johnson did even more than Barry Goldwater said he would do."

It is easy, as Mr. Fulbright acknowledges, to look back and see where we were headed. What is not quite clear is why we so stubbornly refused to read the signs that were given. In The Times of July 15, 1964, the day Mr. Goldwater won the Presidential nomination at San Francisco, a page-one story from Washington reported that the Johnson Administration was sending 300 more Green Berets to South Vietnam as "advisers." "Thus the withdrawals that were set in motion last Christmas when 1,000 of 16,500 men were withdrawn have been reversed," the story said.

Senator Goldwater does not agree that President Johnson followed his policy on Vietnam. He still believes it was a mistake to rely so heavily on ground troops. He said he told Mr. Johnson soon after the 1964 election, "You've got to bomb the living hell out of them. In fact, we've got to carry this war to North Vietnam and right to Hanoi itself if you're going to be successful, and that would include the mining of Haiphong." He believes the war would have ended much sooner, and without having to send large numbers of ground troops, if Mr. Johnson had taken his advice.

But the point is the same. We were deceived by Lyndon Johnson, and the deception somehow legitimized the Goldwater war policy. No matter that he might have been as mistaken as Johnson, or that his policy might have been even more disastrous. Johnson took Goldwater off the hook and made possible, perhaps even inevitable, his eventual rehabilitation.

That would have sounded preposterous during the campaign of 1964. Remember, we were opposing a right-wing zealot who had pledged "victory" over Communism. There was not enough room in the world for both democracy and Communism, he had warned; and since he had also spoken of the desirability of "brinkmanship" and the need for courage in using nuclear weapons as a threat against the Russians, it seemed obvious where he would take us if he became President. And it was not just his foreign-policy views that frightened us. Congress, under the Johnson lash, had finally passed a civil-rights law with teeth. Mr. Goldwater had voted against it, calling it unconstitutional. Every black leader of any stature lined up against the Goldwater candidacy. Jackie Robinson became chairman of "Republicans for Johnson."

Then there were Social Security, which Goldwater wanted to abolish—remember?—and the Tennessee Valley Authority, which he wanted to sell. It was easy to be frightened. Goldwater had made thousands of spoken and written statements on everything he could think of, hundreds of off-the-cuff wisecracks that pleased audiences, titillated reporters and alarmed his staff.

His votes on legislation, when he had bothered to come in from the lecture circuit long enough to vote, were almost entirely against large public expenditures of any kind, against Federal aid to education, against foreign aid, against farm subsidies, against the Rural Electrification Administration—in short, against almost every group or idea that had had a claim on the liberal conscience since the days of Franklin D. Roosevelt.

If finding the Goldwater weaknesses was possible for a novice like me in 1964, it was child's play for a political intellectual like J. W. Fulbright. Poking fun at "The Conscience of a Conservative," the title of Goldwater's book, Mr. Fulbright told the Senate on the one-month anniversary of Mr. Goldwater's nomination, "A peculiar problem arises from the fact that while Senator Goldwater is himself of conservative disposition, his conscience clearly is not. It is in fact, an unruly conscience demanding intermittently that we break off diplomatic relations with the Soviet Union, or that we impose a Western protectorate on the newly independent peoples of Africa, or that we balance the Federal budget while at the same time abolishing the graduated income tax and sawing off the Eastern seaboard—with all its valuable tax money—and letting it float out to sea."

Picking holes in Goldwater was easy. It was also perilous. Consider the way the public impressions were built, brick by brick: He was making a speech like thousands of speeches he had made since he had soared into the national scene on the winds of Arizona in 1952; the audience was the Captive Nations rally being held at San Francisco during the Republican National Convention of 1964: "I am not one of those naive people who think you can live with your enemy, particularly when he has sworn to bury you."

Perfect Goldwater. Any American over 30 will remember that line, or one like it. It is part of his "victory over Communism" speech, and it calls up memories of other fighting words: "nuclear superiority," "brinkmanship." But how many remember the lines that came next: "Nor am I a warmonger who believes that the only way to stop Communism is with bombs or bullets. I don't believe you can stop any idea by killing people, but only with a better idea." That, too, was a regular theme in the Goldwater speeches. But who would remember it when it was buried under "bombs" and "victory" and "brinkmanship"?

It was the same with civil rights. He was accused of having allowed himself to be captured by racists and reactionaries, and he had. But in the hubbub his private views were lost. It was reported in The Times—the same week it reported the Captive Nations speech—that Mr. Goldwater had addressed the Florida delegation at the convention, calling on Gov. George C. Wallace to step out of the race to avoid splitting the Southern vote, but also telling his Southern audience that segregation was wrong—"morally and in some instances constitutionally." He went on to say that he would use the moral power of the Presidency to end discrimination and that he would enforce the 1964 civil-rights law, even though he had voted against it.

Probably the only things that are generally remembered now about Goldwater and the race issue in 1964 are that the Congress of Racial Equality demonstrated outside the Cow Palace during the Republican convention and that the Negro delegates on the inside threatened to walk out to protest his policies. That so one-sided and negative a recollection should have survived may be the proper comeuppance for a man who lets himself be used by evil men.

But what of us who allow ourselves to be used by good men? Mr. Goldwater made a speech in New Hampshire one day in 1964 in which he suggested a voluntary system for Social Security. He said those who wanted to stay in the system should be able to do so and those who preferred to provide for their own retirement should be able to get out. A headline in a New Hampshire newspaper the next day said, "Goldwater Sets Goals: and End Social Security, Hit Castro." The inaccurate headline was followed by considerable reporting around the country attempting to clarify what Goldwater had actually said. I have no doubt that I learned the truth of the matter in 1964, before the incident faded from sight. Why, then, do you suppose that 10 years later my memory was still willing to believe that Barry Goldwater had advocated abolishing Social Security?

I think I know the answer: (1) The Democrats, who had my sympathy in 1964, insisted that I believe the worst about Senator Goldwater, even if it meant believing that he was a political monster, and (2) like the girl in "Oklahoma" who couldn't say no, I *wanted* to believe the worst about him. Thus the stage was set for my memory, 10 years later, to try to tell me something that I had once known to be a lie.

If his enemies distorted Mr. Goldwater in the public mind that year, they were not alone in the endeavor. Mr. Goldwater did all he could to add to the confusion. In a way, he really was a frightening public figure. He was continually giving answers off the top of his head to the most serious questions. His spontaneity had a dual effect. To his friends, he was candid and refreshing; to his enemies, he was insane and dangerous. One wonders how an impartial observer would characterize his going to Tennessee to argue that the Federal Government should sell the Tennessee Valley Authority.

I did not ask him if he had any regrets about his conduct of the 1964 campaign because I figured he would say no. It is almost as hard to admit regret as it is to admit error. But one of his comments was revealing. I said it was interesting that he still had a large following nine years after his defeat for President, while Senator George McGovern's following had apparently melted away within nine months. He said that was because Mr. McGovern had left his party.

But isn't that what people said about Goldwater in 1964? Yes, but it was not true, he said. Then he talked of the extremist image that had cost him so much support in his own party. "I think in my acceptance speech"—he hesitated as if trying to remember the words—"when I said something like, uh—'extremism in the defense of liberty is no vice . . .' well, this became a great tool for the Republicans to leave me. I guess I lost between six and eight million Republicans who looked on me as radical, or conservative, almost Fascist-bent. Because you've got the spectrum: To the complete right is Fascsim, complete left is Communism, and there's not much difference. So that was the way I was painted. But I got 27 million votes and I don't think I've lost many of them, frankly, since that time. And I know from personal contacts that many of these Republicans have become my friends. For example, Agnew was completely opposed to me, and yet I'm his biggest defender. Rockefeller was completely opposed to me, yet we're very close friends now." (His defense of former Vice President Agnew is merely on procedural grounds. He believes the White House and the Justice Department wronged Agnew by trying his case in the press before formal charges were filed. He also thinks Mr. Agnew would not have pleaded guilty to income-tax fraud if he had not been guilty of some wrongdoing.)

I asked Mr. Goldwater if he had changed since 1964. No, he said, the change has taken place in the attitude of the country. The people have come around to his point of view; they have finally seen what he was driving at. Maybe he is right. The country has changed, and in some ways it has moved closer to his point of view. For example, the second Reconstruction has clearly run out of steam. It can surely be said that the nation is now moving at a Goldwater pace on the race issue. It is probably true that liberal attitudes have changed on some subjects, too. Liberal newspapers that were editorially optimistic about the Soviet Union in 1964 because of Premier Khrushchev's liberal policies are now filled with Goldwater-like pessimism over the Soviet leadership's treatment of Aleksandr Solzhenitsyn.

But if the world has changed, so has Mr. Goldwater. Ten years ago, he wanted to send the Marines to settle a dispute with Fidel Castro. Now he no longer talks about Cuba. He feels that Castro and Cuban Communism have lost their appeal and are no longer a threat, politically or economically, to the Western hemisphere.

While he was talking of withdrawing dip-

lomatic recognition from the Soviet Union in 1964, in 1974 he favors détente. "I don't think we've obtained it," he adds. "I think we're quite a ways from it." He still believes the West should strive to keep an advantage over the Communist countries but he says the world has changed in the last 10 years. The Soviet Union, for example, is now capable of keeping an occasional treaty, he says, while in the old days it almost never kept one. Also, he feels that the Soviet leaders now fear China much more than they fear the United States, and that this change has made them less dangerous to us at the moment. But that could change again and we must not let our guard down, he says.

He advocated pulling out of the United Nations in 1964 if mainland China was admitted. Now he applauds Mr. Nixon's *rapprochement* with the Chinese. "We're not salted into any position," Tony Smith, his press aide, explained. "Barry Goldwater is as entitled to change his mind as Bill Fulbright is to change his."

The Senator has even changed his mind about the Republican party's Eastern Establishment. Not just Nelson A. Rockefeller—who has met Goldwater at least half way in his ideology—but the whole Dewey-Javits-Wall Street Eastern seaboard that he once advocated, about half in jest, sawing off and floating out to sea. When I asked him if he saw any merit in establishing a national Conservative party, he said no, there was no point; the Republican party could handle the job.

"My personal feeling is, I no longer feel that a Republican *has* to be a conservative," he said. "I can live with Jack Javits." He conceded that that meant he had changed his mind "to some extent. I used to get very angry about Republicans who would not vote down the party line. But the longer I stayed around here in the East, the more I realized that living in these big Eastern cities and these big Eastern states was a little different from living out in the Middle West and the Far West. I couldn't get elected in New York City. I don't work politics that way. On the other hand, I don't think Jack Javits could get elected in Phoenix, 'cause he doesn't do it my way." He chuckled.

Of course, the big change of mind that has most endeared him to his old liberal enemies is his new hard line on Richard Nixon. He and Mr. Nixon had been publicly reconciled to each other for many years. There was some conflict between them in the early days, back when Mr. Nixon was working closely with the hated Eastern Establishment. Many probably have forgotten that Mr. Goldwater was the only threat to Mr. Nixon's Presidential nomination at the 1960 Republican convention. But that minor opposition was quickly forgotten and Mr. Goldwater joined in campaigning for the party's nominee that year. Whatever bitterness might have remained between the two men probably was dissipated further after Mr. Goldwater's defeat of the party's Eastern Establishment and his capture of the 1964 convention.

"We made it sort of the Western Establishment," he said with a satisfied grin. "I don't know if it's any better, but conservatives have dominated and have retained control, which is all right with me." Perhaps it was that confidence in the firmness of conservative control of the party that made Mr. Goldwater feel free to criticize President Nixon when the President moved too slowly to suit him on Watergate. Or perhaps it was simply a feeling that his personal standards of honesty and decency had been violated. Whatever it was, he began to speak his mind on the President early last year and he has continued to do so.

"He is a loner—the most complete loner I've ever known in any profession or business," he said during our first interview. "He doesn't seek the advice of those people who've had a lot of political experience. Who he does get advice from, I have no idea. I haven't had a long talk with him since Thanksgiving last year [1972]. I went up to Camp David and we spent about three hours just chatting about things and he told me about changes in personnel and things like that.

"The President is not a warm man, outwardly. Yet, you get him with a few of the boys and get him to take a drink and, hell, he loosens right up. I wish he did more of that." Goldwater said he had tried to persuade the President's men to get him to relax. "When Laird went in there, I said, 'Mel, the one thing you can do for this guy is have him do what Eisenhower used to do.' Maybe once a month or once every six weeks the phone would ring about 5 o'clock and say, 'Hey, what are you doing?' 'Nothing.' 'Well, on your way home, drop in and we'll have a drink.' So we'd go upstairs in the living room and there might be four, five, six or a dozen. Now the purpose of that meeting was either to let the President blow off steam or let us blow off steam. And he'd say, 'O.K., what's bugging you?' And you'd sound off. If Nixon would do this, I think it would be a great help to him. . . . He doesn't have the intimate touch. I don't care what you're president of, when you're a leader you have to have rapport with your troops."

How about Mr. Nixon's famous "cool"; does he really have it? "I think he's cool. I've never, I don't think I've ever seen him get mad. I've heard him swear a lot but not in madness. Say, 'That son of a bitch shouldn't have done that,' or something like that."

He said the President telephoned him recently in Arizona to thank him for backing him at one point on the Watergate controversy. "I acknowledged it and I said, 'now, Mr. President, I have one request to make of you. Don't make another speech. I don't know who your writer is, but they're no good.' I said, 'When you want to talk to the press, you want to get something across, call the press in and have a go at it; nobody can beat you at it.'" Subsequently, of course, Nixon did submit to public questioning several times.

There might be elements of personal affront in Mr. Goldwater's coolness toward the President. His son, Barry Jr., is a close friend and old schoolmate of John Dean, the apostate and former White House lawyer. Mr. Dean and young Goldwater were on the swimming team together at Staunton Military Academy. The Senator himself is not close to Mr. Dean but it is said he saw him at least once at his son's house and advised him to "tell it straight" when he testified before the Senate Watergate committee.

In addition, the Senator is said to be "not especially happy" about the cool treatment the White House has given Richard Kleindienst, the short-time Attorney General, and other Goldwater friends in the Nixon Administration. And if the White House felt that hiring Dean Burch, the former Goldwater campaign aide and chairman of the Federal Communications Commission, as a White House staffer would soften Mr. Goldwater, then the President and his people were being naive, according to Mr. Goldwater's people. Within days after Mr. Burch was hired in February, the President invited Mr. Goldwater to a White House political meeting along with the Republican leadership of Congress. He turned down the invitation. Goldwater does not favor impeachment of the President but his mind is open on resignation. He does not think the President should resign unless he makes "calamitous mistakes" even more damaging than those made so far. Beyond that, Goldwater does not like to discuss the question.

Probably his most telling comment on the President was something not quite stated. I mentioned the talk in some circles that Mr. Nixon had quietly "torpedoed" Vice President Agnew and forced him to resign. Mr. Goldwater pointedly did not disagree with that theory. He said, "I think it's too early for anybody to say. If you want to wait around until I die, I've written what I thought took place and it's sealed up in my papers. It can't be used. I could write a beautiful scenario on that and come up with exactly what happened." I told him I would love to see it. He laughed and said, "I know you would. I'm not going to talk about it. 'Cause you can't prove it at all."

This is all very pleasing to liberals. And yet, none of it means that old-time liberal Democrats are taken in by the new Goldwater, any more than Mr. Goldwater is deceived by the meaning of his new popularity. "With most Americans," he said, "they like honesty. I think sometimes they get confused. They find a fellow who will tell the truth all the time and be candid and they think of themselves as liking him when it may not be that at all. It may be just a feeling of respect and that sort of thing."

No one is likely to confuse Mr. Goldwater's prodding of President Nixon with any deep ideological conversion. Liberals know that he still scores zero in the Americans for Democratic Action ratings; that in 1973, for example, he voted against Federal money for mass transit, against halting the import of Rhodesian chrome and against reducing the Pentagon's money for the Trident submarine, and that he voted for limiting busing for school desegregation and for weakening the minimum wage law. They know, too, that in spite of his criticism of Mr. Nixon over Watergate, he still supports him on almost everything else.

Government spending still disturbs him. President Nixon's $300-billion budget alarms him just as much as President Johnson's $200-billion one did. He still believes the Government has grown too large. The "welfare mess" makes him see red, as does the booming crime rate. But while he still describes himself as conservative, he also likes to play the no-label game, as some liberals do nowadays. "I've always said that when history is written, Bob Taft and I will be called liberals," he said. "My hero of American politics was Thomas Jefferson, who in my opinion was a real liberal. And when you lay a real liberal alongside a real conservative, there's not enough difference to put in your hat.

"The major difference is that the conservative tends to rely always on history for the lessons of today and tomorrow, while the liberal will look at history and remember what happened but is willing to take a try once again at doing something even though it might have failed in the past. But the moment they find that they're wrong they'll come back. But the so-called modern liberal doesn't do that. I don't call a man liberal just because he wants to spend more money to supposedly help more people. It hasn't worked that way."

Very few of the "so-called modern liberals" would have trouble restraining themselves from pulling the Goldwater lever in the voting booth if he should run for President again. Not that he is likely to do that, in spite of the new talk.

"As I said down in Kentucky the other night—somebody asked the question, said, 'What if you were offered the nomination?' and I said, 'Well, any man who says he wouldn't take it is a damned liar.' But I won't do anything to encourage anybody. I will do everything to encourage them not to and I don't really think there will be any effort made. We have three good candidates looming now, Connally, Rockefeller and Reagan. I can support any one of them and would enjoy supporting any one of them."

But what about the old hunger for the Presidency? Is it gone? "Tell you the truth,

it was never really there," he said. "When Jack Kennedy was killed—I looked forward to running against Jack. And we used to talk about it. We had a hell of a good idea that I think would have helped American politics. We wouldn't necessarily live together but we would travel together as much as possible and appear on the same platform and express our views."

After Mr. Kennedy's assassination, he said, he decided not to run. Then it appeared that the Rockefeller people and the Easterners would take over the party so he got back in the race. "But it never was life or death for me."

He says the idea of his running for President again is usually raised by young people. He spends as much time as any conservative spokesman on the college lecture circuit. Of 10 speaking engagements he had in November, seven were on campuses. He is no longer invited exclusively by conservative campus groups. Many of his appearances now are open to all students, and his staff says he draws large numbers of all political persuasions. He gets several invitations to speak at commencements each year. The Senator reports increasing agreement with his views among students.

"I have a group or two every week in this office," he said. "I will answer their questions and I won't have answered but three or four and one of them will say, 'Now, wait a minute. You're a conservative, and I don't classify myself but I'm agreeing with you." The young especially like his criticisms of big government, he said. "This, I think, is the central theme of the young people."

He has also found a revival of courtesy on campuses. Our first interview took place a few days before he was to speak at Western Kentucky University. "I remember the last time I was there, it was a little rough," he said. "And so was the University of Kentucky. This has all changed. I never get any bad treatment any place. Man, I used to have kids get up and shout 'Bull!' and walk up and down with dirty signs. But the campus has changed completely. These kids, they know what they're there for now."

Nonetheless, enthusiasm for Goldwater among the young is still a little puzzling. I suspect that the explanation for it goes beyond new standards of courtesy on campus or deep beliefs in limited government. There have been numerous indications that students are no longer much interested in government of any kind, limited or otherwise. Back in 1964, James Reston may have revealed the secret of Goldwater's appeal, not only to the young but also to many others afflicted with yearning and hope, but like some other good comment and analysis of that year, it got lost in the national panic as people ran over each other to get out of the way of the Goldwater menace: "Mr. Goldwater may attract all the ultras, and the antis—the forces that are anti-Negro, antilabor, antiforeigner, anti-intellectual—but he also attracts something else that is precisely the opposite of these vicious and negative forces. Mr. Goldwater touches the deep feeling of regret in American life: regret over the loss of religious faith; regret over the loss of simplicity and fidelity; regret over the loss of the frontier spirit of pugnacious individuality; regret, in short, over the loss of America's innocent and idealistic youth."

We now seem to be in another of our periodic spasms of regret over lost innocence. And who in our battered and depleted cadre of political leaders is better equipped to symbolize that loss and regret than square-shouldered, all-American Barry Goldwater? The man is easy to like. Remember how he behaved after he lost the 1964 election—43 million votes to 27 million. Unlike Richard Nixon, the grudge fighter and wound licker who found defeat almost intolerable, Barry Goldwater simply said to hell with it. If the country did not want him, he would go back to his ham radio and his flying. He would rather occupy his mind with inventing an electronic flag-raising machine than with scratching his way back into power in Washington.

And how perceptions change! If he was the Bela Lugosi of American politics in 1964, he has now become the Henry Higgins. Since he has begun to prosper politically again, he is almost cranky about it. He showed me a huge stack of fan mail and said it had come from every state in the union. "My biggest trouble is keeping up with the damned stuff," he said. His voice had the same good-natured but put-upon tone when he talked of having to run all over the country making speeches, trouble-shooting for the party, educating the young, straightening out the President. He was trying to tell me that he was an ordinary man *who desires nothing more than just the ordinary chance to live exactly as he likes and do precisely what he wants.**

What, after all, is his politics? It never has been one of engagement, of getting this country moving again. It is a politics of indignation. He looks up from his work table where he is minding his own business and here comes the goddamned Government, meddling with him. It is a politics of defense, of outraged sensitivity, of the violated citizen who just wants to live exactly as he likes.

But wasn't he a threat to the country in 1964? That San Francisco convention hall full of yahoos, haters and nuts was no joke. And he was there with them, taking their cheers and by his mere presence and station egging them on. By God, there *was* a smell of fascism in the air. It was no less real that it came from the Indians and not from the chief, and the chief stood by and did nothing to stop it.

And yet, there is still unfairness in the judgment if it stops there. Because as scary as that convention was, it was not scary in the same way a George Wallace rally is when the fevers are running high in Birmingham or Meridian or Flint. The difference is in the build of the men at the top. Wallace is a born and bred demagogue. When he finds passion in a crowd he makes blood contact with it, riding it, prodding it, lashing it to his own and thus giving both passions for a moment more power than any two passions singly and separately could ever achieve. George Wallace is a creature of political lust, and if it is hard to distinguish his politics from his sexuality, that is no accident. He is in the great tradition of hungry men who make no distinctions among their appetities.

Goldwater is different. Words like lust and passion do not fit him. His listeners like him but they do not yearn to go to bed with him or he with them. While Wallace is a demagogue, Goldwater is merely a crowd pleaser.

There is no doubt that Barry Goldwater wanted to be President, but I think he is truthful when he says he never lusted for it. Perhaps the voters sensed that. And perhaps that is why they rejected him so decisively, as some women instinctly reject a man when they sense that he is not blood-bonded in his determination.

The instinct is probably sound. It eliminates the frivolous, both in love and politics. Nevertheless, I am still fretful over the way we treated Barry Goldwater that year. It troubles me that we all stood by and let a man who was merely wrongheaded be portrayed to the world as monstrous. When I went to mark my ballot in 1964, I was not asked to vote rationally; I was asked to believe only that Barry Goldwater was a dangerous man. I bought it and thereby let myself be cheated.

* From "I'm an Ordinary Man," in "My Fair Lady." Copyright 1956 by Frederick Loewe and Alan Jay Lerner. Used by permission of Chappell & Co. Inc.

FEDERAL ELECTION CAMPAIGN ACT AMENDMENTS OF 1974

The Senate continued with the consideration of the bill (S. 3044) to amend the Federal Election Campaign Act of 1971 to provide for public financing of primary and general election campaigns for Federal elective office, and to amend certain other provisions of law relating to the financing and conduct of such campaigns.

AMENDMENT NO. 1141

Mr. ALLEN. Mr. President, I call up my amendment No. 1141 and ask it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 13, line 23, strike out "10 cents" and insert in lieu thereof "5 cents".

On page 15, line 9, strike out "15 cents" and insert in lieu thereof "10 cents".

Mr. ALLEN. Mr. President, according to the unanimous consent agreement heretofore made, I offer a modification to the amendment, and ask that it be stated.

The PRESIDING OFFICER. The modification will be stated.

The assistant legislative clerk read as follows:

On page 13, line 23, strike out "10 cents" and insert in lieu thereof "8 cents".

On page 15, line 9, strike out "15 cents" and insert in lieu thereof "12 cents".

Mr. ROBERT C. BYRD. Mr. President, does the distinguished Senator from Alabama wish to speak on his amendment this evening?

Mr. ALLEN. No. I understand that the time limitation will be stated on it tomorrow.

Mr. ROBERT C. BYRD. Very well. I thank the Senator.

ORDER FOR RECOGNITION OF SENATOR AIKEN TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the distinguished Senator from Wisconsin (Mr. PROXMIRE) has been recognized under the order previously entered on tomorrow, the distinguished Senator from Vermont (Mr. AIKEN) be recognized for not to exceed 15 minutes.

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

Mr. ROBERT C. BYRD. Mr. President, it is my understanding that there is a time limitation on the Allen amendment as modified of 1 hour?

The PRESIDING OFFICER. The Senator is correct.

Mr. ROBERT C. BYRD. It is my understanding also that the order for the resumption of the consideration of the unfinished business at the conclusion of routine morning business tomorrow has already been entered?

The PRESIDING OFFICER. That is correct.

Mr. ROBERT C. BYRD. It is also my understanding that the pending ques-

tion at that time will be on adoption of the amendment of the Senator from Alabama (Mr. ALLEN) as modified.

The PRESIDING OFFICER. That is correct.

Mr. ALLEN. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. ALLEN. May I state in brief just what the amendment and the modification will do. The amendment would have changed the permissible amount of money to be spent in a primary from 10 cents per person of voting age to 5 cents, and to change the amount that could be spent in a general election from 15 cents down to 10 cents.

The distinguished Senator from Nevada (Mr. CANNON) stated in colloquy on the floor that he felt these reductions were too large, but if the amendment was submitted at 8 cents per person of voting age in the primary and 12 cents per person of voting age in the general election, he personally—but not speaking for the committee—would support such an amendment.

The overall amount that can be spent would control the amount of the Federal subsidy in the primary because the Federal Treasury potentially would be called upon to pay half that amount and it would of course reduce the amount that the Public Treasury would pay for the general election. Overall, it would accomplish about a 20 percent reduction in overall expenditures. It would be a possible saving of as much as $100 million every 4 years. So the modification has been made. It would accomplish a 20 percent reduction in the permissible amount of overall expenditures. I hope that on tomorrow the Senate will accept the amendment.

PROGRAM

Mr. ROBERT C. BYRD. Mr. President, the program for tomorrow is as follows:

The Senate will convene at 12 noon.

After the 2 leaders or their designees have been recognized under the standing order, Mr. PROXMIRE will be recognized for not to exceed 15 minutes. Mr. AIKEN will then be recognized for not to exceed 15 minutes, after which there will be a period for the transaction of routine morning business, of not to exceed 15 minutes, with statements therein limited to 5 minutes each.

At the conclusion of the transaction of routine morning business, the Senate will resume consideration of the unfinished business, S. 3044, the public campaign financing bill.

The pending question at that time will be on the adoption of the amendment, as modified, by Mr. ALLEN. There will be a yea and nay vote on that amendment. The vote will occur at approximately 1:45 p.m.

Other votes on amendments may occur subsequent to the vote on that amendment and prior to 3 p.m.

At 3 p.m., the debate on the motion to invoke cloture will begin, and there will be 1 hour under the rule. The hour will expire at 4 p.m. At that time, the mandatory quorum call will be issued; and upon the establishment of a quorum, the vote, which will be a rollcall vote, will occur at approximately 4:15 p.m.

Subsequent to the vote on cloture, votes on amendments to the bill will be in order, and yea-and-nay votes will occur.

ADJOURNMENT

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and at 5:12 p.m. the Senate adjourned until tomorrow, Tuesday, April 9, 1974, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate April 8, 1974:

DEPARTMENT OF STATE

John P. Constandy, of the District of Columbia, to be Deputy Inspector General, Foreign Assistance, vice Anthony Faunce, resigned.

IN THE MARINE CORPS

The following-named officers of the Marine Corps for temporary appointment to the grade of brigadier general:

John R. Debarr	John H. Miller
Herbert J. Blaha	Harold A. Hatch
Philip D. Shutler	Edward J. Bronars
Richard E. Carey	Warren R. Johnson
George W. Smith	Paul X. Kelley

CONFIRMATIONS

Executive nomination confirmed by the Senate April 8, 1974:

DEPARTMENT OF AGRICULTURE

Richard L. Feltner, of Illinois, to be an Assistant Secretary of Agriculture.

(The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

HOUSE OF REPRESENTATIVES—*Monday, April 8, 1974*

The House met at 12 o'clock noon.

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

Set your troubled hearts at rest. Trust in God always.—John 14: 1 NEB.

Our Father God, at the beginning of Holy Week we bow at the altar of prayer, erected by our fathers, that here we may receive strength for the day, wisdom to make sound decisions, insight to see clearly the way we should take, and courage to walk in it until the end of life's day.

Help us to take a firm stand for what we believe to be right. Grant that we not be neutral morally nor negative spiritually, but by Thy grace may we live honestly, helpfully, and hopefully keeping ourselves committed to Thee and to the highest good of our beloved country.

So may we be tall men and women, Sun-crowned, who live above the fog in public duty and in private thinking.

In the spirit of Christ we pray. Amen.

THE JOURNAL

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

Without objection, the Journal stands approved.

There was no objection.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Marks, one of his secretaries, who also informed the House that on April 2, 1974, the President approved and signed a bill of the House of the following title:

H.R. 5236. An act 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.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Arrington, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 12253) entitled "An act to amend the General Education Provisions Act to provide that funds appropriated for applicable programs for fiscal year 1974 shall remain available during the succeeding fiscal year and that such funds for fiscal year 1973 shall remain available during fiscal years 1974 and 1975."

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2770) entitled "An act to amend chapter 5 of title 37, United States Code, to revise the special pay structure relating to medical officers of the uniformed services," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. SYMINGTON, Mr. JACKSON, Mr. THURMOND, and Mr. TOWER to be conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2771) entitled "An act to amend chapter 5 of title 37, United States Code, to revise the special pay bonus structure relating to members of the Armed Forces, and for other purposes," agrees to a conference requested by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. SYMINGTON, Mr. JACKSON, Mr. THURMOND, and Mr. TOWER to be the conferees on the part of the Senate.